

**MINUTES OF THE
MUNICIPAL LIGHT BOARD
JANUARY 29, 2018**

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 Paul L. Criswell and Commissioners David A. T. Donohue, Katharine Gibson, Edward J. Stewart, III and Jeffrey P. Wechsler. Also in attendance were MLP Director Richard F. Joyce and staff members David M. Allen, Kevin P. Bracken, Ann G. Collins, Debra J. Healy, Cynthia R. Lowe, William H. Marsh, Suzanne M. Newark, Donald H. Newell and Daniel J. Trant. Others in attendance were Advisory Representative Mark Kaplan and resident James Gorman.

APPROVAL OF MINUTES

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

VOTED: To approve the December 18, 2017 Public Session Minutes as written.

CITIZEN SPEAK

The Chair presented all of those in attendance with an opportunity to speak on matters pertaining to the MLP. No one wished to speak.

DIRECTOR'S OBJECTIVES

Greenhouse Gas ("GHG") Reduction. The ad hoc GHG committee has met three times. A public meeting is scheduled for 7:00 PM on February 13, 2018 to provide Wellesley residents with an opportunity to have input in the establishment of GHG reduction strategies. Board Chair, Paul L. Criswell will detail the study goals and timeline followed by Analysis Group Principal, Paul J. Hibbard providing an interim update and facilitating a public discussion. The meeting will be held in the Great Hall so it can be shown on the Town's community television station. Mr. Criswell expressed his support for GHG Study and the contributions of the ad hoc committee.

Light Emitting Diode ("LED") Retrofit. Assistant Director Donald H. Newell provided an update on the progress made replacing high pressure sodium streetlights with LED fixtures. To date, 500 LED fixtures have been installed on the more heavily travelled roadways. The 24-watt, 2700 kelvin fixtures are scheduled for shipment on February 8, 2018. Mr. Newell and the Board discussed the importance of ensuring Eaton Cooper's delivery of the 100 larger size fixtures fully complies with the Department of Energy Resources' reimbursement requirements. Mr. Stewart stated a substitute fixture should be provided at the same price as was competitively bid.

Voluntary Renewable Energy Program ("VREP"). The Director outlined the strategies the MLP is pursuing to increase enrollment in the VREP. The first step was to communicate the availability of the VREP to the 143 supporters of Sustainable Wellesley's 100% renewable petition. Only 19 of the 143 were enrolled at 100% and 73 did not participate. Initial feedback has been positive with three new accounts enrolled and three increasing their percentage. The second step was to include an article in the MLP's *Winter Newsletter*. The VREP article was

placed in a conspicuous location and the newsletter is scheduled for mailing on Wednesday, January 31st. The final step is an advertising campaign led by marketing consultant Doug Goransson Creative Services. Advertisements in The Wellesley Townsman and The Swellesley Report should begin in mid-February.

Energy Assessment Campaign. The MLP and National Grid made a joint presentation to the Board of Selectmen on Tuesday, January 23rd outlining the Town-wide campaign to encourage residential home energy audits in 2018. National Grid will complete energy assessments for all homes heated with natural gas and the MLP will perform assessments for all others. The MLP will expand its audit to include many of the features currently provided to natural gas customers. As part of the joint campaign National Grid will provide the Town of Wellesley with an \$8,000 grant if 187 residential natural gas accounts complete an energy assessment. In 2013 the MLP and National Grid partnered on a similar Town-wide campaign with 400 homeowners receiving an energy audit.

Conflict of Interest. All members of the MLP staff acknowledged receipt of the "Summary of the Conflict of Interest Law for Municipal Employees". Since the State Ethics Commission's definition of municipal employees includes municipal board members each Board Member completed and submitted the "Acknowledgement of Receipt".

Campaign Finance Disclosure. The Massachusetts Office of Campaign and Political Finance requires all elected municipal board and committee members to complete "Form CPF M 102-0: Campaign Finance Report Municipal Form" ("Form"). All three members of the Board of Public Works completed and executed the Form.

Financial Statements. The Director referred to the \$481,000 purchase power increase in the Income Statement. Approximately one-half of this increase is attributable to an 18% increase in energy purchases. Based on a three-year average, the MLP had hedged 19,671 megawatt-hours ("MWH") of electricity. The colder than normal December required the purchase of 23,262 MWH's. Since most of the additional purchases occurred at the end of the month much of the revenue will be recognized in the January bills. The Director referred to Page 15, "Fiscal Year 2018 Comparative Operating Statement". For the last six months of FY18 the staff is forecasting a loss of \$1,756,000. This loss will reduce the MLP's available cash to \$8,300,000 at the end of FY18. This ending cash balance is on target with the Five-Year Financial Forecast projection. Through December 2017 the MLP has drawdown \$900,000 of the \$3,600,000 Rate Stabilization Fund.

Five-Year Financial Forecast ("Forecast"). The Forecast assumes MWH sales and rates remain the same for fiscal years 2018 through 2022. In addition, there are no costs included for offering internet service and implementing GHG initiatives contemplated from the Analysis Group Study. As is the case through Fiscal Year 2019, Forward Capacity Market ("FCM") costs significantly impact the MLP's profitability. The Forecast projects a low point of \$6,086,000 in available cash in May 2019. The MLP's minimum target balance based on past Standard & Poor's credit analyses is \$5,500,000. As FCM costs begin to decrease in June 2019 the MLP's available cash increases in fiscal years 2020, 2021 and 2022. Mr. Stewart asked if the staff was confident in the FCM outer year cost projections. Mr. Joyce was fairly confident, however, ISO-New England has set reserve margins as high as 48% so no one can be 100% confident. The Director noted that Depreciation Expense over the last four years of the Forecast exceeded capital expenditures by \$950,000 which results in positive cash flow.

Tree Trimming. Construction Engineer Daniel J. Trant provided the Board with an update of the progress made in maintaining the three-year tree trimming cycle. As of January 26th the MLP has completed one-third of the Zone 1 trimming. Mr. Trant expects all scheduled lines will be trimmed by the end of the fiscal year at a cost not to exceed the \$110,000 budget.

Northern Tree also completed most of the trimming at Mass-Development-Devens with only about one week of trimming remaining. The three-year cycle has improved the reliability of electric service while requiring a minimal amount of limb removal. A secondary benefit is that all electrical lines are inspected every third year which identifies potential causes of outages before they occur. Mr. Trant acknowledged the excellent support the MLP receives from the Park and Tree Department.

Reliability Report. Supervisory Electrical Engineer David M. Allen reviewed the second quarter and year-to-date FY18 Reliability Report. Wellesley's seven minute July – December SAIDI (System Average Interruption Duration Index) reflects a very high reliability rate.

Director's Objectives. Mr. Joyce reviewed each of the eighteen FY18 Objectives. It appears two of the Objectives: 1) Distributed Antenna System Expansion; and 2) Off Peak Vehicle Charging may not be completed this year. The remaining sixteen Objectives are on schedule for completion.

Vision and Mission Statements. The Board and Director reviewed the updated Vision Statement and Mission Statement. Upon a motion made by Ms. Gibson and seconded by Mr. Stewart, it was unanimously

VOTED: To approve the following:

Vision Statement

“The Wellesley Municipal Light Plant strives to be the municipal power and telecommunications distribution organization most admired in the industry for its reliable and low cost service, record of safety, commitment to reducing greenhouse gases and its financial and infrastructure support to the Town.”

Mission Statement

“The Wellesley Municipal Light Plant (“WMLP”) implements best business practices to protect the safety of our employees and the public, deliver environmentally sustainable and highly reliable electricity and telecommunication services at competitive rates, and provide financial and in-kind support to the Town. The WMLP conducts its affairs in a socially responsible and ethical manner, with respect for our many stakeholders.”

Production Union Contract. The MLP and the American Federation of State, County, and Municipal Employees Production Union Local 335 reached a three-year agreement on a revised Collective Bargaining Agreement (“CBA”). The CBA covers the period from July 1, 2017 through June 30, 2020 and includes the following revisions:

- Cost of Living Adjustment:
 - Fiscal Year 2018, 2.50%
 - Fiscal Year 2019, 2.25%
 - Fiscal Year 2020, 2.25%
- Upon ratification by both parties, Monday through Friday standby compensation will increase from \$40.00 to \$50.00 per night.

- Revise collective bargaining agreement language to recognize Massachusetts General Law 164.
- Transfer the MLP Supervisory Union positions of Customer Service Supervisor and Accounting Supervisor to the MLP Production Union at which time the Production Union has agreed to terminate AFSCME representation of these two positions.

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

VOTED: To approve the Collective Bargaining Agreement Between the Town of Wellesley Municipal Light Plant and Local 335, Municipal Light Plant Unit, American Federation of State, County, and Municipal Employees Council 93 as revised above and presented.

Employee Attendance. During calendar year 2017 the MLP had 23 of 30 employees that did not miss a day of work due to illness or a lost time accident.

ADJOURNMENT

The Board Meeting adjourned at 7:33 PM.

Respectfully submitted,

Katharine Gibson, Secretary