

MINUTES OF THE
MUNICIPAL LIGHT BOARD
JULY 30, 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 Edward J. Stewart, III and Commissioners Paul L. Criswell, David A. T. Donohue, Katharine Gibson and Jeff Wechsler. Also in attendance were MLP Director Richard F. Joyce and staff members Ann G. Collins, Terrance J. Connolly, Debra J. Healy, Cynthia R. Lowe, William H. Marsh and Candyce M. Wright.

APPROVAL OF MINUTES

With Mr. Criswell and Mr. Wechsler abstaining since neither had attended the June 11, 2018 Board Meeting, it was unanimously voted upon a motion made by Mr. Donohue and seconded by Ms. Gibson

TO APPROVE: The June 11, 2018 Public Session Minutes as
written.

CITIZEN SPEAK

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

DIRECTOR'S ITEMS

Recognition. The Director introduced MLP Office Manager Terrence J. Connolly to the Board. Mr. Joyce and Ms. Healy have worked closely with Mr. Connolly for the past 23 years. Mr. Connolly played a key role in upgrading the utility billing and meter reading systems while working in Wellesley's Information Technology Department.

Mr. Joyce also recognized Cynthia R. Lowe for her many contributions to ensure a successful golf tournament. The MLP reached its goal of raising \$1,000 for the Kiwanis and Newton-Wellesley Hospital Pediatric Toy Fund.

Financial Statements. The Director reviewed the May financial results. Forward Capacity Market costs continued to negatively impact the MLP's Income Statement and Balance Sheet. For the first eleven months of Fiscal Year 2018 ("FY18") the MLP incurred a financial loss of \$3,560,000. Available cash has been reduced by almost \$4,000,000. These losses are partially offset by the drawdown of \$1,650,000 in rate stabilization funds. Mr. Joyce expected a cash balance of \$7,100,000 at the end of FY18, approximately \$100,000 above the Five-Year Financial Forecast projection. The Board and Director had a lengthy discussion on the benefits of maintaining Standard & Poor's "AA Stable" credit rating.

Inventory Conversion. Ms. Healy reviewed the process the staff followed in converting the ACCESS, proprietary inventory system to MUNIS. Approximately \$3,000,000 of materials are taken from inventory and installed at Devens and Wellesley each year. The MUNIS system

provides better internal controls and more accurate recordkeeping of costs. A committee led by Ms. Healy and Accounting Supervisor Ann G. Collins identified five critical inventory practices that were achieved from the conversion. Ms. Healy stated this was a team effort and acknowledged the MLP's Stockkeeper, Garrett R. Furbush for his many contributions. Mr. Joyce informed the Board that Powers & Sullivan had completed their physical count on July 6, 2018 and confirmed the accuracy of the MLP's records. The Board thanked Ms. Collins for her excellent work.

FY18 Director's Objectives. The staff completed 13 of 18 Objectives. The five not completed were largely beyond the MLP's control.

1. **DAS Expansion.** Negotiations between American Tower Corporation and the carriers have progressed at a much slower pace than expected. Since there was no carrier expansion this Objective could not be completed.
2. **Mass Development-Devens ("Devens").** The staff was unable to make a recommendation to provide Operations & Maintenance services beyond March 31, 2019 because Devens had not issued a request for proposals.
3. **Off Peak Vehicle Charging.** The company selected was not able to meet the MLP's criterion of charging electric vehicles only during off-peak hours without requiring a separate electric service to the resident/business.
4. **Old Substation Renovation.** Staff was delayed in receiving the necessary assurances the windows satisfactorily replicated the 1906 era and could be manufactured in compliance with Wellesley's stretch building code.
5. **SMART Participation.** At the end of FY18 the Department of Energy Resources had not finalized the municipal version of the "Solar Massachusetts Renewable Target".

All Board Members were in agreement the thirteen Objectives completed were an impressive accomplishment.

Granite State Wind. The Director recognized Trevor P. Criswell's leadership in negotiations between Brookfield Energy and Energy New England ("ENE"). Since Trevor Criswell was responsible for identifying this opportunity the MLP will be receiving an entitlement of three megawatts ("MW") of the fifteen MW's available to ENE clients. Mr. Joyce reviewed the financial and operational benefits of this 20-year entitlement. The financial terms were consistent with "Term Sheet" prices the staff presented in Executive Session at the September 27, 2017 Board meeting. Upon a motion made by Mr. Criswell and seconded by Mr. Donohue, it was unanimously

VOTED: To authorize the Municipal Light Plant Director to enter into a 20-year Purchase Power Agreement with Energy New England to purchase a three megawatt entitlement in Brookfield Energy's Granite State Wind Farm.

Town-Wide Energy Assessments. Ms. Healy detailed the successful energy assessment campaign with National Grid. Through June 30th the MLP was on target to complete seventy assessments in calendar year 2018. National Grid has already exceeded their goal of 187 residential energy audits. Through June 30th a total of 201 assessments have been completed with more than 50 scheduled. Mr. Donohue and Mr. Stewart discussed their positive experiences

with MassSave with respect to the audit and LED bulb replacement. Ms. Healy informed the Board the feedback the MLP has received has also been very positive and the staff is considering recommending the LED replacement beyond this campaign with National Grid.

SolSmart Application. Mr. Joyce reviewed the feedback the MLP received from the National League of Cities. The Town of Wellesley has accumulated enough points to receive the "Gold" designation. The vast majority of these points were earned in the "Utility Engagement" section. The second most active contributor was the Sustainable Energy Committee ("SEC") in the "Community Engagement" section. The Town did not satisfy the mandatory point requirements in the planning, zoning and permitting sections and therefore could not qualify for any designation (bronze, silver or gold). The staff reached out to SEC Chair, Laura Olton and asked if the SEC could independently review the SolSmart feedback and recommend corrective action. Ms. Olton has agreed and a meeting is scheduled for Tuesday, July 31, 2018.

Internet Recommendation. The Director reviewed the results of the MLP's pilot internet program with seven commercial customers. Although the sample size was limited, the pilot program confirmed the MLP could provide internet service that was more reliable, faster and less expensive than that currently available to Wellesley businesses. After almost a year of receiving service all pilot participants indicated they would take internet service from the MLP.

Mr. Joyce recommended a slow, methodical business approach in which approximately 50 prospective customers are contacted monthly beginning in November. Customers would be prioritized based on their proximity to existing fiber. This approach minimizes the financial risks and provides exit opportunities at various time intervals if unsuccessful. The Director recommended staffing from a combination of MLP labor and external contractors. The pilot allowed the staff to work closely with contractors that would have a major role in ensuring the reliability of the MLP's internet service. In every instance the service provided exceeded expectations. Prior to offering commercial service Mr. Joyce recommended obtaining a second internet feed completely independent from the existing pilot route from Needham.

The Board and staff discussed the need to provide responsive 24 x 7 customer service. The Director reviewed the anticipated process beginning with the initial outreach through an after hour emergency request. The MLP is working with the Town's Information Technology Department to incorporate the monthly internet bill within the MUNIS system. Interviews are scheduled in mid-August with companies to purchase additional addresses, 24 x 7 emergency service and a second feed from Cambridge.

The Director and Board had a lengthy discussion on the price the MLP would charge commercial customers and the cash flow projections. Mr. Joyce expected prices to be dependent on the upload and download speeds requested by individual customers. The staff's projections anticipate offering megabit speeds at four standard levels: 25; 75; 150; and 300. For customers requiring faster speeds the MLP increases the monthly price based on the cost to serve. The MLP completed its own financial projections using data acquired during the pilot program. The MLP's projection supported the "Internet Business Model" Access Point Advisors presented to the Board in February 2018.

All Board Members were in agreement the MLP exists to provide Wellesley residents and businesses with superior service. Expanding these services into the telecommunications area, especially with the support of a successful pilot program, is a natural expansion. The Board authorized the staff to begin providing internet service to commercial customers.

Next Meeting. The Board and Director scheduled the next Board Meeting for Wednesday, September 5, 2018.

Executive Session. Mr. Stewart requested a meeting in Executive Session to discuss negotiations of a purchase power agreement with potential commercial solar installations. The Secretary, Mr. Wechsler polled each Board Member individually for authorization to enter into Executive Session for the sole purpose of discussing the solar financial terms. Each Board Member responded in the affirmative and the Board entered into Executive Session at 7:40 PM.

Return to Public Session. The Board returned to Public Session at 8:00 PM only to Adjourn.

ADJOURNMENT

The Board Meeting adjourned at 8:00 PM.

Respectfully submitted,

Jeffrey P. Wechsler, Secretary

**EXECUTIVE MINUTES OF THE
MUNICIPAL LIGHT BOARD
JULY 30, 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 7:40 PM.

PRESENT

Those present included Chair Edward J. Stewart, III and Commissioners Paul L. Criswell, David A. T. Donohue, Katharine Gibson and Jeff Wechsler. Also in attendance were MLP Director Richard F. Joyce and Assistant Director Debra J. Healy.

900 Worcester Street Solar. The Director reviewed the progress the MLP has made with the Wellesley Sports Center (“WSC”) in finalizing a roof lease agreement for the installation of an approximately 900 kilowatt solar array. WSC has designed its building to accommodate a solar installation of this size. The staff contracted Solect Energy to provide a ballpark estimate confirming the 900 kW estimate. The WSC and the MLP have reached a preliminary agreement on the financial requirements for a 20-year roof lease. Based on this agreement the law firm of McCauley & Lyman prepared a Letter of Intent. A lengthy discussion ensued with respect to the MLP’s financial assumptions. Mr. Criswell noted the energy generated by the solar panels was approximately one-tenth the amount the Board had approved earlier for Granite Wind. All Board Members were in agreement and authorized the Director to continue roof lease negotiations with WSC.

ADJOURNMENT

There being no further items to be discussed in Executive Session, Mr. Wechsler polled individual Members to return to Public Session. Each Board Member responded in the affirmative and adjourned the Executive Session at 8:00 PM.

Respectfully submitted,

Jeffrey P. Wechsler, Secretary