

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

PURSUANT TO notice given the Wellesley Municipal Light Board (“Board”) met in the 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 Jeffrey P. Wechsler. Also in attendance were MLP Director Richard F. Joyce and staff members David M. Allen, Kevin P. Bracken, Ann G. Collins, Terrance J. Connolly, Debra J. Healy, Cynthia R. Lowe, William H. Marsh, Stephen G. Neshe, Donald H. Newell and Daniel J. Trant. Also in attendance were Advisory Representative William Maynard and residents Mary Gard, Fred Bungler and Gary Farner.

APPROVAL OF MINUTES

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

VOTED: To approve the September 24, 2018 Public Session Minutes as written.

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

VOTED: To approve the September 24, 2018 Public Forum Minutes as written.

CITIZEN SPEAK

Mary Gard referenced the recently released United Nations study on climate change and requested the MLP purchase all electricity from renewable resources and discontinue selling Renewable Energy Certificates. Mr. Bungler discussed MCAN initiatives and the opportunity to reduce carbon emissions by increasing electrification. Mr. Farner asked the Board if they consider climate change to be an emergency. Each of the Board Members responded to the issues raised by residents.

DIRECTOR'S ITEMS

Financial Statements. The Director referred to the Year-To-Date Income Statement and noted Fiscal Year 2019 (“FY19”) net income of \$335,000 was due to a much warmer summer and the 5% rate increase that went into effect in October 2017. Purchase power costs exceeded Fiscal Year 2018 (“FY18”) by \$1,043,000 but was more than offset by a \$1,970,000 increase in revenues. The MLP is still expecting a \$2,000,000 operating loss in FY19 because ISO-New England regulated Forward Capacity Market (“FCM”) costs will exceed the budgeted amount by \$1,000,000. The Board and Director reviewed the Page 16 “Fiscal Year 2019 Variance Analysis”. Despite a year-to-date \$302,000 increase in budgeted FCM costs, the MLP’s net income exceeded the forecast by \$35,000.

Audited Financial Statements. The Director informed the Board there were no material changes to the FY18 Financial Statements or Management Letter concerns identified by Powers

& Sullivan. The MLP staff met with the Town's Audit Committee on October 23, 2018. The Audit Committee requested one minor narrative disclosure and complimented both Powers & Sullivan and the MLP for the completion of a favorable FY18 external audit.

Communications Shelter. Assistant Superintendent Kevin P. Bracken reviewed the evaluation and photographs of the deteriorated condition of the Town's communication shelter. The MLP and Police Department concluded the shelter had to be replaced as soon as possible. The Police located a shelter that had been used for one year and was available. Based on price comparisons the second-hand shelter would save Wellesley \$4,500 and satisfy the Town's long-term needs. Since this shelter also provides wireless communications for the Department of Public Works and the Fire Department, all four departments have agreed to fund 25% of the building and crane costs. The Board and Mr. Bracken discussed the emergency conditions resulting in the immediate need for replacement. Upon a motion made by Ms. Gibson and seconded by Mr. Donohue, it was unanimously

VOTED: To authorize the Municipal Light Plant to fund \$31,975.00 for the emergency replacement of the communications shelter with the Police Department, Fire Department and Department of Public Works each funding a \$7,993.75 reimbursement to the Municipal Light Plant for their share of the costs.

FY19 Director's Objectives. Mr. Joyce provided a summary of the progress made on each of the thirteen objectives. A lengthy discussion ensued with respect to providing internet service to Wellesley businesses beginning in January 2019.

Reliability Report. Mr. Allen reviewed the first quarter FY19 reliability results. The MLP's 5.5 minute System Average Interruption Duration Index would rank the MLP among the best of all electric utilities. Wellesley's outstanding record of reliable service was recognized by the American Public Power Associations ("APPA"). In recognition the APPA provided a *Certificate of Excellence In Reliability* with the inscription "... Wellesley Municipal Light Plant has achieved excellence in reliability by significantly outperforming the electric industry national average as reported by the Energy Information Administration". Mr. Allen reviewed the eight outages in the first quarter with four of those interruptions caused by squirrels.

Fiscal Year 2020 ("FY20") Capital Plan. Assistant Director Donald H. Newell presented a detail recommendation to expend \$3,452,092 for capital improvements in FY20. Major projects include the conversion of the 2500 Line to 13.8 kilovolt-amps ("kVA"). This is the last remaining distribution circuit to be converted from substation 453. Once this \$201,300 project is completed the MLP will convert the 50-year old substation to a switching station and save \$1,000,000 while improving reliability. The Capital Plan also includes a \$187,500 budget to begin the process of reconfiguring the substation. Mr. Newell went into detail of the need to invest capital funds for the following projects:

- Distribution Automation and Arc Flash Mitigation (\$408,400);
- Bacon Street Reconstruction (\$58,800);
- Internet Expansion (\$313,500); and
- Pole Inspection/Replacement (\$307,300).

Mr. Stewart, Ms. Healy and Mr. Bracken left the meeting at 6:40 PM to attend the Board of Selectmen meeting.

Mr. Joyce informed the Board the MLP would be funding the internet expansion with non-operating profits so there will be no financial impact on electric ratepayers. The Board and Director discussed the timeline for establishing separate financial statements for internet service.

Mr. Newell reviewed the \$953,100 of capital work identified as "customer related work". Approximately 80% of these cost are reimbursable with the exceptions being burned-out house services, transformers, hit and run accidents, etc. The FY20 budget also includes the replacement of a sixteen-year old bucket truck at a cost of \$245,000. The Board asked a number of questions regarding the age and make-up of line operation vehicles. Upon a motion made by Mr. Criswell and seconded by Mr. Donohue the Board unanimously

VOTED: To approve the Municipal Light Plant's Fiscal Year 2020 Capital Budget in the amount of \$3,452,092 as presented.

Wellesley College All Requirements Service. Mr. Newell reviewed the October 11, 2018 request from Wellesley College to transition to an all requirements customer of the MLP. Based on discussions with the College, the MLP expects Wellesley College to install natural-gas fired engines in the future for peak shaving purposes. The Board and staff discussed the applicability of the Partial Requirements Rate ("PRR") Tariff under this scenario. Everyone was in agreement that as long as Wellesley College was 100% responsible for energy, capacity and transmission costs and the associated financial risks, the College should remain on the PRR Tariff. There are meetings scheduled with Energy New England and Wellesley College to finalize a formal future relationship.

ADJOURNMENT

The Board Meeting adjourned at 7:20 PM.

Respectfully submitted,

Jeffrey P. Wechsler, Secretary