

**Mansfield Municipal Electric Department
Minutes of Light Commissioners Meeting
October 24, 2016**

Middleboro Gas & Electric- A site visit was made at 1:00 pm to Middleboro Gas & Electric for the purpose of observing their distributive generator. In attendance was Ed Rappold from Middleboro Gas & Electric; Steve Simmons from Middleboro Gas & Electric; John Stewart from Highland Power Group; Mayhew Seavey from PLM; Chris Cox from MMED; Joe Sollecito from MMED; Town Manager Bill Ross; Light Commissioner Jess Aptowitz; Light Commissioner Chairman Frank Delvecchio; Light Commissioner Michael Trowbridge and Light Commissioner Steve Schoonveld. No action was taken.

Present: Chairman Frank Delvecchio, Vice Chairman Michael Trowbridge, Clerk Steve Schoonveld, Commissioner George Dentino, Commissioner Jess Aptowitz, Director Joseph Sollecito, Financial Assistant Jacqueline Lee and Town Manager William Ross

The meeting was held at the Mansfield Town Hall Room 3AB and called to order at 3:00 PM followed by the Pledge of Allegiance. Chairman Delvecchio stated that this meeting is being televised and taped for future broadcast and asked if anyone in the audience was intending to record the meeting to please state their intentions. No one did so.

A complete copy of the Board packet containing all documents that are referenced in the minutes is on file at the Mansfield Municipal Electric Department office.

Citizens Comments: none

Minutes of September 19, 2016 Light Commissioners meeting-Commissioner Aptowitz requested that the minutes be tabled as he has some changes he would like to make.

Distributive Generation Project- After a site visit to Middleboro Gas & Electric to observe their distributive generator, Mayhew Seavey from PLM reviewed with the Board the savings the Town will realize if MMED installs a distributive generator. He said that a 2 MW gas fired generator would mean a transmission savings of \$224,000 in 2017. As the transmission costs go up, the savings go up. On the capacity savings side, in June 2016 there was a significant increase in capacity and next June there will be another. In 2017, a 2 MW generator would mean a capacity savings of \$168,600. It would be \$200,000 to \$300,000 savings per year after that.

Mr. Seavey said that the cost to install the generator would be \$2.8 million. He stated that the generator would never require a major change as maintenance is minimal. It has a 20 year economic life and the total savings would be \$7,000,000. The unit pays for itself after seven years.

Mr. Seavey also explained that the diesel-fueled generator would have higher maintenance costs which is why he is recommending the natural gas generator. The gas-fueled generator is also easiest for regulatory permitting. He did note that trying to get on-line by the beginning of next summer may be ambitious.

Clerk Schoonveld questioned the 8% increase in transmission costs. Mr. Seavey answered it is not likely that it would stay at 8% for twenty years. Clerk Schoonveld asked what the market conditions would have to be to make this less prosperous. Mr. Seavey said there would still be payback even without the transmission savings. The risk of no savings is essentially zero.

Vice Chairman Trowbridge questioned the use of diesel or gas. Director Sollecito said that according to the gas company representative the gas availability is there. It's just a price mechanism not an issue of availability.

Commissioner Dentino wondered about the noise level. Director Sollecito pointed out that you can have a conversation right next to it without having to raise your voice.

Commissioner Aptowitz asked Director Sollecito to send Middleboro Gas & Electric a thank you note for allowing them to visit their site. He would also like to visit the site that MMED is considering for their distributive generator.

The Board inquired about installing two generators right now. Mr. Seavey said it would cost a couple of million more dollars. Town Manager Ross pointed out it would put everything behind schedule.

Commissioner Aptowitz wondered if Rubin and Rudman was MMED's only option. Director Sollecito said he highly recommended them for their knowledge base in this matter since they have extensive experience with this work with other utilities.

Chairman Delvecchio said that he would like to look at the proposed site on Gilbert Street. There was also discussion that the closest house to the site is actually very far away.

**Motion: To allow MMED staff to proceed with the RFP for the 2MW distributive project at the Gilbert Street site.
(Aptowitz/Delvecchio) Passes 5/0**

Cost of Service Study- Director Sollecito told the Board that MMED should do a cost of service analysis every 2 to 5 years to make sure they are accurately charging the customer. Mr. Seavey said they completed the first phase of the study which is the "historic test year cost of service study". The overall rate of return was 2.2% which translates into \$1.2 million. They are going to construct a 2017 service model and update five-year projection of revenues and expenses. Most importantly they model the use of reserve funds to stabilize rates.

Mr. Seavey said that other things they may want to consider is building a fixed generation charge into the rates. MMED may also want to true up the NYPA credit to reflect the actual value of the NYPA hydropower. He said he would also like to establish a bill credit line item to include all applicable surplus or credits by customer class.

Commissioner Aptowitz wants to keep the rates as low as possible for the residents. Director Sollecito said that MMED is very conscious about where they stand with their rates and want to remain competitive.

Chairman Delvecchio questioned the timeline. Mr. Seavey said he would bring options to the next meeting and would be looking for guidance from the Board at that time. At the third meeting he would have something concrete.

Request to increase budget for lighting-Director Sollecito said that one of MMED's capital projects was to replace old, inefficient lighting with more energy efficient lighting. The original amount in the budget for this was \$25,000 but due to the redesign of the Garage Bay area the figure will need to be increased to \$45,000.

Motion: To approve the increase for the lighting efficiency project from \$25,000 to \$45,000.

(Trowbridge/Dentino) Passes 5/0

Commercial Service Application-Director Sollecito presented the new Commercial Service Application which he said is very similar to the residential one. It states that your bill must be paid 25 days from the invoice date. The new application must be signed which means the customer is accepting the terms and conditions.

Commissioner Aptowitz questioned the use of the word "personally". Director Sollecito responded that he read that differently and believes MMED would not be able to hold someone personally responsible. Clerk Schoonveld said that he signs contracts at his place of employment and that he would not sign this document.

Motion: To approve the Commercial Service Application less the word "personally".

(Trowbridge/Dentino)

Clerk Schoonveld said that he would like an attorney to review the entire document. Vice Chairman Trowbridge withdrew his motion.

Motion: To have Town Counsel review the new MMED Commercial Service Application.

(Trowbridge/Schoonveld) Passes 5/0

Financial Statements August 2016-Director Sollecito reviewed the August 2016 financial statements. Net income through August was \$248,523. The operating cash position through August was \$11,220,580. MMED's depreciation fund is at \$3,675,493 and currently the fund level is being evaluated.

Commissioner Aptowitz commented that in the past MMED has given refunds to the customers which have stood out because they have been such large amounts.

Municipal Liens- Director Sollecito told the Board that he and Town Manager Ross had discussion about liens for homeowners with overdue balances. Director Sollecito has also talked with Town Treasurer Jackie Boudreau who told him that the Town Auditors pointed out that liens are not being placed and should be. So letters will be sent out to some customers saying you need to respond or we'll transfer your past due balance to the Town who will put that amount on their books. Director Sollecito explained to the Board that if a

past due amount is attached to the property then MMED will get paid if the customers sells or refinances. He also told the Board that there has been an unwritten practice in the past of not placing a lien if the customer has supplied MMED with a medical note.

Office Renovations-Director Sollecito told the Board that he feels the budget figure for the office renovations is accurate and MMED will get everything they need. Bids will be in and opened this Thursday, October 27.

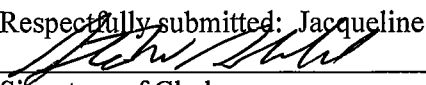
Annual COA/MMED luncheon-It was announced that the luncheon which was originally scheduled for Friday, October 28 is cancelled and is rescheduled for Friday, November 4. Director Sollecito said that Ray Gouley from R.F. Gouley Company would not be able to attend and is actually unavailable until next spring. Director Sollecito said they would proceed without Mr. Gouley and that he would step in as the speaker.

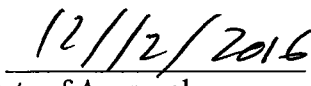
Commissioner Aptowitz said, with no disrespect intended, that he thought they should wait until the spring when Mr. Gouley was available. He said that MMED has to spend a certain amount of money on conservation and this was one of the ways it was spent.

Commissioners Comments-Commissioner Dentino questioned the gain from renovating the front office. He said that he does not think it is in the best interest of the people working there and doesn't see the gain. Director Sollecito said that MMED needs to keep customer information secure by restricting customer access to the office. He said he is also hoping to begin taking cash payments again at the MMED office. Commissioner Dentino pointed out that previously MMED had spent a lot of money to build one office for one person. Director Sollecito reiterated that he would like to start taking cash payments again so that the customer can take care of everything with one stop and that the office needs to be secure enough in order to do that. He believes the customers should not be able to roam around the office.

Motion: To adjourn at 5:00pm
(Trowbridge)

Respectfully submitted: Jacqueline Lee


Signature of Clerk


Date of Approval