

Light Commission Minutes
January 29, 2014

Present: George Dentino; Chairman, Olivier Kozlowski; Vice Chairman, Jess Aptowitz; Clerk, Douglas Annino, Kevin Moran, William Ross; Town Manager and Gary Babin; Director

1. Meeting Called To Order At 8:44 PM

Chairman Dentino called the meeting to order and stated that this meeting is being broadcast live by Mansfield Cable Access and taped for future broadcast.

2. Citizen Comments

There were no Citizen Comments.

3. Review and Approve Board Minutes of November 6, 2013 Meeting

Motion: To approve the Board Minutes from November 6, 2013 (Aptowitz/Moran) PASSES 5:0

4. Review and Approve Board Minutes of November 20, 2013 Meeting

Motion: To approve the Board Minutes from November 20, 2013 (Moran/Kozlowski) PASSES 5:0

5. Director's Report

FY15 Capital and Operating Budgets - This topic was tabled by Chairman Dentino.

Financial Results November 2013 - Mr. Babin reported that Net Income through November was \$943,969. He explained that the Department is currently in the process of implementing the rebate that the Commission voted on in December, which totaled \$2 million. He reported that long term projections as a result of the rebate will produce a negative net income for the year. Mr. Babin went on to report that Operating Cash is at \$8,756,684 which is up about \$1 million from prior year. He noted that energy sales are down 3.3% as High Tension customers (those who buy power in bulk at high voltage) have been an ongoing concern as their sales are down 28% for the year, primarily due to Smurfit Stone closing. Mr. Babin stated that the Depreciation Fund balance stands at \$3,289,945 and he felt the department is building sufficient cash to support capital projects.

Mr. Aptowitz inquired as to the timing of the rebates to which Mr. Babin reported it was half in January and then half in February.

Mr. Moran asked about the rate modeling that the Commission did with Mayhew Seavey and with the High Tension market declining, will that have a significant effect on the rates of return that were calculated, especially since HT had a high rate of return. Mr. Babin responded by saying he completed an analysis of HT customers, where Net Income is made on the distribution demand charge, where he noted it went from about \$700,000 in 2011 to about \$400,000 in 2013. He went on to say that part of that was due to REIT Management disconnecting one building from their high

voltage loop but that building was now occupied by Covidien. As a result it ended up being a transfer of HT revenues to LT revenues. He summarized that there was still about a \$200,000 net loss impact from Smurfit closing and that MMED anticipates incurring further losses once the ratchet in Smurfit Stone's demand expires. Mr. Babin reported that would be an additional \$100,000 loss. Because of these changing conditions, he felt perhaps the rate study should be updated.

Chairman Dentino asked who is funding the solar net metering customers and Mr. Babin stated the distribution revenue comes directly from customers who have solar installations. Mr. Ross further explained that the Town is recovering all of its fixed costs through the net metering recovery surcharge contained in the solar tariff. He noted that the transmission charges are slightly less because the Town is not drawing as much from the transmission system as a result of the solar installation.

Mansfield Fuel Assistance Program - Mr. Babin reminded the Commissioners that at MMED's September meeting there was a staff request to donate \$25,000 to the Mansfield Fuel Assistance Fund which would be administered through the Social Services Department. There was a lengthy discussion at that meeting and subsequent to that Mr. Babin sought an advisory opinion from the Department of Public Utilities, which has jurisdiction over the light department. Mr. Babin received and distributed a written response from Rebecca Tepper, General Counsel for the DPU, and summarized Ms. Tepper's opinion by stating that the donation will not contravene the Department's regulations.

Mr. Ross noted that the Department of Revenue has no direct authority over the light department and its expenditures but with that being said, Mr. Ross stated the DOR says IF they had jurisdiction they would not find this to be acceptable. Mr. Ross noted that the DOR has specifically acknowledged that they have no jurisdiction in this case and therefore would not render a formal opinion. Mr. Ross reported that the DPU is actually the body that has jurisdiction and stated that as long as the following conditions are met they have no issue with the donation: (1) the payment is recorded as a below-the-line expense, (2) the payment is categorized as a payment-in-lieu-of-taxes (PILOT) (3) the depreciation fund is not used as a source of funding and (4) that the light plant's governing board exercises reasonable and prudent management judgment in making this type of payment. Mr. Ross informed the Commissioners that this is a policy decision on their part.

Chairman Dentino again reminded the Commissioners that there was a DOR opinion given to the Town Accountant involving a baseball team and also the VFW that the department was not allowed to make a donation. He also noted that there has been a precedent set in the Town of Stoneham. Mr. Ross explained that the DOR does not have jurisdiction over MMED and therefore this comes down to a policy decision. Mr. Ross stated that electric is handled entirely different manner by the State than the rest of the Town's operations. Mr. Ross noted he had reviewed the opinions Chairman Dentino referred to and stated they refer to "non-electric" funding. Mr. Babin noted the other distinction is that this is effectively a transfer of funds between town departments whereas the other opinions were based on transfers of funds outside of the Town.

Motion: That the Mansfield Municipal Electric Department contributes \$25,000 from unappropriated earned surplus, to be recorded as a below the line expense, to the Town of Mansfield for the purpose of donating this money to the Mansfield Fuel Assistance Fund (Aptowitz/Annino)
PASSES 4:1 Dentino NAY

Follow-Up On Gilbert Street T4 Repair - Mr. Babin explained that this is a follow up on the question as to what material was found in the oil of Transformer T4 at the Gilbert St. substation that was repaired in November 2013. He reported that a sample was taken and sent to Doble Engineering which found that the moisture content was high and the materials found were clear fibers, fine metal particles and some plastic. Mr. Babin stated that the department could have requested a far more detailed analysis for thousands of dollars more but elected not to do so as it was felt what they received was adequate. He felt that the results were inconclusive. He noted the report only states what was found but not the source and reminded the Commissioners that additional testing was being performed six months after the work was completed.

Chairman Dentino thought it was agreed that both transformers were to be tested in six months and that had been discussed previously. Mr. Babin said that could be done. Mr. Ross suggested that if issues were found in six months then the department should do the more extensive testing.

Chairman Dentino asked if this was a test after the oil was replaced. Mr. Babin stated that the original oil was heated, circulated and drained and that 250 gallons of clean oil was added to flush any loose particles from the core. The results are from a test of the flush oil after the original oil was removed and before the new oil was added. Chairman Dentino further asked about the wood that was reported previously or was it thought to be wood but actually wasn't. Mr. Babin stated that wood was mentioned as a possibility since that is an organic material and it will break down.

He noted that the wood frame that supports the core is laminated and it could have been that. Chairman Dentino stated it does not seem to be that and in actuality it doesn't seem that any of the things found in the report would contribute to breaking down the oil or causing something to be magnetic on the electric side. He reminded that he had suggested to not do a complete change of the oil but to try to test it. Mr. Babin then stated that the manufacturer's recommended standard procedure was followed. The Chairman stated that when the oil was drained it was drained through filters and nothing was picked up and felt the report was also evidence to that. Mr. Babin stated in his professional opinion he felt the staff took the correct steps and did the right thing. Chairman Dentino said he can understand that but stood by his opinion of not seeing the danger in the original oil being bad or causing damage.

6. Comments From Commissioners

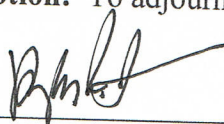
No comments.

7. Any Items Not Anticipated By The Chairman 48 Hours Prior To This Meeting


None.

8. Adjourn

Motion: To adjourn the Light Commission meeting at 9:16 PM (Kozlowski/Annino) PASSES 5:0



Signature of Clerk
/Tracey Whalen



Date of Approval