

**Mansfield Municipal Light Commission Minutes**  
**August 6, 2014**

Present: Jess Aptowitz; Chairman, Olivier Kozlowski; Vice Chairman, Frank DelVecchio; Clerk, Doug Annino, George Dentino, William Ross; Town Manager and Gary Babin, Director, Mansfield Municipal Electric Department

**1. Meeting Called To Order At 7:00 p.m.**

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

**2. Citizen Comments**

None.

**3. Review and Approve Board Minutes of June 16, 2014 Meeting**

**Motion:** To approve Light Commission Minutes from the meeting of June 16, 2014 (Annino/Kozlowski) **PASSES 5:0**

**4. Director's Report**

**Overview and Discussion of the Financial Results for Fiscal Year 2014** - Gary Babin, MMED Director, is present before the Board. Mr. Babin summarized the final costs of the FY14 Operating and Capital budgets.

Mr. Babin began with the Operating Budget, which covers the operation and maintenance of the Light Department, includes labor and expenses, the cost of depreciation as well as cost of purchased power and transmission. Mr. Babin noted that overall the budget came in \$855,160 (3.2%) under budget and was primarily due to purchased power and transmission being less than budget because the department bought slightly less power than was originally budgeted. He also noted that all expense categories came in under budget as well.

Mr. Babin highlighted a few areas of the budget:

- **Net Income** experienced a net loss of \$538,018 which was primarily due to the \$2 million rebate the Board provided to customers in January and February of 2014. Mr. Babin noted that without the rebate the department would have had a net income of \$1.46 million. Mr. Babin wanted the Board to pay particular attention to the net income in the current year (discounting the rebate) as it is significantly less than in previous years (FY11 was \$3 million, FY12 was \$2.5 million but was also a rebate year and FY13 was \$2.2 million). Mr. Babin felt this is an area of concern to focus on. Mr. Babin and Mr. Ross will come back to the Board as to what is driving this with suggestions to address it.

- **Rental of Fiber Optic Cable**, located in the Cabot Industrial Park, earned about \$60,000 in income and Mr. Babin felt this is a service area that MMED can expand on.
- **Energy Sales** (kWh) declined by 1.4% from FY13. Mr. Babin noted the longer term trend of energy sales being down 6% from FY11, primarily due to the closing of operations of ADM and Smurfit Stone, plus the general trend in reduction in energy use due to energy efficient appliances.
- **Operating Cash** at year end was strong at approximately \$8.45 million. Mr. Babin would like the Board to keep in mind that there is about \$15 million in capital additions planned for FY15 – FY19, primarily for the Bird Road substation extension.
- **Purchased Power Costs** were under budget by \$313,543. He noted that the NextEra contract the Department entered into about a year ago for a fixed rate per kWh has paid off with an estimated savings of \$2.9 million between December 2013 and February 2014 compared to spot market energy prices due to the cold winter driving up costs.
- **Transmission Costs** were under budget but Mr. Babin noted that the trend in this area is of concern as these costs per kWh continue to ratchet up.

Mr. Dentino noted the department experienced a net loss of \$538,018, which he was not overly concerned about. Mr. Dentino took issue with the fact that the overall MMED rate of return was -1.1%. It was Mr. Dentino's recollection that the department was actually budgeted for 6% net income. Mr. Babin stated that the -1.1% rate of return is due to the \$538,018 loss and is a reflection of what the net income was versus the cost of plant. Mr. Aptowitz stated that if the \$2 million rebate was added back in then net income would be closer to the 6%. Mr. Babin explained that the gross plant increased by \$8 million because of the substation, which becomes the denominator with net income as the numerator when calculating rate of return. Mr. Babin stated that Mr. Dentino is correct that 6% was budgeted as the target rate of return but noted it was based on a gross plant value that was much less than when the cost of service study was done. Mr. Dentino felt that some type of adjustment should be made when this arises so that the department is protected.

Mr. Ross stated that when the decision was made to approve the rebate there was a discussion to look carefully in the future for this very reason that Mr. Dentino is bringing up. He felt the Commission needs to be cautious, especially with the capital program that is underway to link the two substations and ensure the system is sound. He felt this may be one of the last rebates.

Mr. DelVecchio noted that exclusive of the rebate the results were better, to which Mr. Babin reported that the FY14 budget was \$1.2 million and came in at \$1.46 million. Mr. DelVecchio noted that Mr. Babin had mentioned that one year there was a net income of \$2.5 million (a rebate year) and asked what the net was after the rebate for that particular year. Mr. Babin noted that in FY12 a rebate of \$2 million was issued and the net income was \$500,000.



Chairman Aptowitz appreciated the Statement of Cash Flows document incorporated within Mr. Babin's packet and felt it to be quite useful.

With regards to the FY14 Capital Budget, Mr. Babin reported:

- The Capital Budget for FY14 was \$3.2 million and the actual FY14 Capital Expenditure was \$1.248 million, or \$1,960,236 under budget. Mr. Babin noted there were four significant factors:
  - **Phase 1 of East Mansfield Substation Manhole and Conduit Extension** was budgeted at \$1.5 million. The route from Bird Road substation to the intersection of Route 140/School Street was broken into 5 phases. He noted that the first section on Maple Street from Bird Road to Cate Springs Water Station has not begun because the project was jointly bid with the DPW for their water main replacement and that the water work had to be completed first. The electric section had just begun and would be completed in FY15 so as a result the money has not yet been spent.
  - **A Cable Splicing Vehicle** included in the budget was bid and awarded in FY14 but while it has been fabricated, it is not complete and will arrive in late summer, at which time the money will be expended. The vehicle was budgeted at \$125,000 and came in at \$136,938.
  - **Fiber Optic Cable Extension** to the Gilbert Street Substation was completed and the cost came in approximately \$35,000 under budget because cable and electronics came in less expensive than what was budgeted. Also, the Bird Road Substation fiber project was under budget by about \$49,000 but work was not yet completed. All fiber has been run but splicing and remaining work will not to be completed until FY15.
  - **Remote Meter Replacement Program** came in \$101,000 under budget due to the pace of the program slowing significantly and fewer meters being purchased than budgeted.

Mr. Babin stated the total of these four items comprised \$1,810,212 or 92% of the under expenditure.

Mr. Dentino asked if the fiber optic project was to be done in-house to which Mr. Babin noted yes except for the splicing. Mr. Dentino questioned why then did the department purchase a splicing vehicle to which Mr. Ross noted the vehicle purchased was for electric cable splicing only. Mr. Babin noted that MMED contracts out fiber optic cable splicing.

Mr. Annino asked what the gas monitors purchases were for, to which Mr. Babin explained that one of the things required when entering a manhole is to insert a gas monitor to ensure there is no natural gas in the hole. He also noted that personnel wear monitors on their harnesses while inside

the manhole. Mr. Annino asked how many were purchased to which Mr. Babin stated three clip-ons, which are expensive items.

#### 5. Comments From Commissioners

Mr. Dentino noted he has been asked by residents if they could purchase street lights. He asked for Mr. Babin's thoughts on that and also where the Town stood with getting all street lights back on. Mr. Babin noted the department allows residents to pay MMED for private lighting – area lighting in parking lots - but not pole mounted street lighting. Mr. Dentino asked with regards to poles, where does the Town stand as far as poles with lights and without lights? Mr. Babin reported there are 2,800 street lights in the system and the rule of thumb is there is one streetlight on every other pole with the exception of intersections. He explained that requests for additional lights are vetted through the DPW where Lee Azinheira, Director, makes the determination.

Mr. Dentino asked Chairman Aptowitz if the Commission had voted at one time to put all of the lights on. Mr. Ross answered that all of the streetlights that had been turned off are now back on.

Chairman Aptowitz inquired if the lights for the North Common have been purchased to which Mr. Ross noted that he would be working with Mr. Annino on finalizing that.

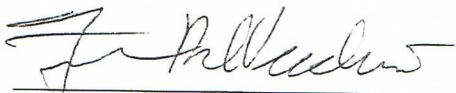
Mr. Ross noted the Town is beginning to get contacts again regarding solar energy installations. He is unsure of why but wanted the Commissioners to be informed that he is entertaining a few prospects to bring back to them for discussion and the possibility of putting out an RFP out again for the landfill site.

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

None.

#### 7. Adjourn

Motion: To close the Light Commission meeting 7:47 PM (Kozlowski/Dentino) PASSES 5:0



Signature of Clerk  
/Tracey Whalen

10/1/2014  
Date of Approval