

**STERLING MUNICIPAL LIGHT DEPARTMENT  
MEETING MINUTES**

**DATE:** Tuesday, April 26<sup>th</sup>, 2011  
**LOCATION:** SMLD Conference Room, 50 Main Street, Sterling, MA

**BOARD MEMBERS:** Matthew Stelmach (Stelmach), Chairman  
Michael Rivers (Rivers), Clerk  
George Pape (Pape), Third Member

**OTHER ATTENDEES:** Jim Goulet, Goulet-Salvidio Associates  
Tracy Vaughn, Goulet-Salvidio Associates

**SMLD STAFF:** Sean Hamilton (Hamilton)– Manager

**MINUTES:** Naglaa Elshamy (Elshamy)

7:00pm Meeting brought to order. Stelmach opens the meeting with a Roll Call Attendance, Rivers present, Pape present, Stelmach present.

**APPROVAL OF THE AGENDA**

Stelmach opens first item which is approval of the agenda. Rivers suggested postponing discussion on the minutes till the next meeting (probably in two weeks) due to the length of the agenda. Stelmach and Pape agreed. Rivers also recommended postponing the third executive session for the next meeting. Stelmach agreed and noted to discuss the DEP Audit till the next meeting and deleting items # 2 and 8. Hamilton commented that the Financial Advisor will be attending the meeting. Stelmach recommended moving the discussion of the Financial Advisor till after “Old Business”. 7:07pm Rivers moved to approve agenda with modifications. Motion seconded by Pape. Roll call vote: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

**REVIEW OF WARRANTS**

Hamilton presented some questions on the warrants. He noted that the unemployment insurance invoice from the town is partially redacted due to non-SMLD town employees being on it. Rivers asked if the costs related to converting the tree truck back to normal line service were complete. Hamilton replied affirmatively and said that it has been outfitted and all trucks are fully operational.

Hamilton talked about the sales report. He explained that it is a cold and wet Spring but the SMLD is doing fairly well. The sales are up and power costs have gone down. By comparing March of 2010 and March of 2011, the sales difference is about half a million kWh’s. Hamilton also talked about leak from a broken hydraulic hose on a bucket truck that was contained and proper procedures were being followed. Stelmach asked about its location. Hamilton replied that it was down by the old landfill. Rivers asked about the quantity of the oil spilled. Hamilton replied that he does not know exactly but they recorded it as more than ten gallons to be within DEP regulation. They would re-file after filling the truck.

Hamilton also said that the SMLD had a successful Open House with probably more than 200 visitors that day despite the weather. Hamilton commended his staff for doing a good job with the preparation for the event. Hamilton also wanted to talk about the SEDC contract and pointed out that the SMLD position for the IT structure is very weak. The computers are old and they will not be able to support the new billing system. Hamilton is looking at a cloud site to store all the information, and he was looking into a new server and proper back up. He noted that he was not yet ready to make a presentation to the Board about this issue until

he can gather his research. Stelmach asked when he can have these issues finalized. Hamilton replied that he would be able to present his findings to the Board in about two weeks.

### OLD BUSINESS

Rivers asked if there was a plan to start the newsletter again, at some point in the future. Hamilton commented that the newsletter will go hand in hand with the website, but he was currently focusing on the SEDC contract and the new billing system. He anticipated that he would start working on the newsletter and the website around September. Stelmach pointed out that the customers need to know about the new changes, for example to know about the rate reduction that was voted for. Rivers added that people also need to know about the need to reduce energy during peak summer periods, such as setting their swimming pool timers to not run from 4 to 8 pm on hot summer days. Rivers recommended that Hamilton could use the town's email distribution system to send out messages. Hamilton agreed and said that education was key.

### Billing System

Hamilton stated that he spent numerous hours with SEDC to work on the contract, and now they are down to the legal terminology in the contract. He presented to the Board a final draft which has many changes done from the original draft. This version has the approval of legal counsel. There were concerns about protection of customer information, but overall it is a good contract. Stelmach asked when Hamilton needed the contract signed. Hamilton said that he would like to execute it expeditiously. Stelmach said that he has a few comments but will postpone discussion until the coming meeting so all the Board members have the chance to review the contract. The Board will vote on that at their next meeting. Hamilton asserted that they are being hindered by the old billing system to make progress on the rate study.

### Rate Study/Rate Changes

Hamilton said that for the rate change, he deducted \$50,000 from the power cost and used the money from Berkshire Wind returns, which reduced rates by about a penny per kilowatt. The remaining \$229,000 will be put into a rate stabilization fund. The rate study is still underway and should be ready for mid-May.

### Rate Stabilization/OPEB Fund

Hamilton said that there were talks about that with Jay Kline from MMWEC. However, he would prefer to discuss that under the Financial Advisor section.

### Video Camera/AV Issues

Rivers said that he and Hamilton met with people from SLCT and hope that the audio issues would be resolved. He was waiting for Town Administrator to ask town Boards if anyone else was interested in the camera. Hamilton added that he sent out an email saying that SMLD was interested in acquiring the camera if the town decided to dispose of it.

### Financial Advisor:

Jim Goulet (Goulet) said that the audit report is nearly complete. The audit required additional work because of filing requirements due to the investment mix that the town treasurer uses for SMLD depreciation funds. Goulet expressed concern that the SMLD doesn't have an existing written investment policy. Rivers commented that the Finance Committee is in the process of revising the town's investment policy, and we should get an update. Goulet said that he would like to get a copy of that once it is done. Rivers asked how much that would add to the SMLD costs to do the accounting for the investment fund. Goulet replied that it is not much but about two hours of work.

Goulet said that he'd like to see the average cash balances continue to increase after dropping to lower levels in past years. Goulet recommended the Board make a retroactive vote to designate Berkshire Wind refunds be designated as Stabilization funds. Goulet noted that it will be great to know the results of the rate study and see how that can have an effect. Other issues discussed were the Bond rating. Rivers asked about any recommendations. Goulet replied that the SMLD should have the OPEB as a separate fund from the Town and not under the Treasurer's control. This could be done through MMWEC OPEB fund which the SMLD could

participate in. Rivers asked Mrs. Tracy Vaughn (Vaughn) about compensation for employees' sick time and vacation time benefits. Vaughn replied that these would be seen in the report under "accrued expenses" and its total this year is \$35,000 while it was \$52,000 last year. It was noted that the accrued sick time balances should have been included in past years financial statements, and now would be going forward.

Hamilton said that the money set aside in the rate stabilization fund was being parked there until it has a designation. Stelmach added that the OPEB issue needed to be resolved. Hamilton asked Goulet if he wanted to see the \$429,000 that came back from the Berkshire project to keep 200,000 in a rate stabilization fund, put \$29,000 towards IT, and use the other \$200,000 towards the rate reduction. Goulet replied affirmatively and said he needed the Board to vote on that appropriation. Goulet recommended the Board to vote to appropriate \$400,000 from 2010 earnings and to transfer that to the rate stabilization fund with the town treasurer. 8:15pm Pape moved to that recommendation. Motion seconded by Rivers. Roll call vote: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

### NEW BUSINESS

#### Net Metering/ Interconnection Agreement

Hamilton noted that Net Metering is in the DPU.

Stelmach said that they were not yet ready to vote on the Interconnection Agreement.

#### MMWEC Consolidated Billing

Hamilton said that he needed a vote from the Board to amend the agreement with MMWEC to consolidate the billing. Rivers asked if this has been approved by SMLD legal consultant. Hamilton replied affirmatively and commented that this is just to put all in one bill. 8:25pm Pape moved to allow the clerk to sign the documents to agree to consolidated billing agreement from Power Purchase Agreement for invoices issued by Massachusetts Wholesale Electric Company. Motion seconded by Rivers. Roll call vote: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

#### Millstone Tax

Hamilton said that the State of Connecticut put a new tax on nuclear power plants which is almost \$20/MW that will affect Massachusetts and New Hampshire. That actually threatens to shut down Millstone due to the tax and it will cost Sterling about 57,000/year to pay that. MMWEC has been putting pressure on the State of Connecticut and it looks like it is going to go away but it is still not yet resolved.

#### Meter Reconnection Charges

Hamilton noted that he wanted to wait on that.

#### MMWEC Reserve Trust

Hamilton noted that he will send out information first.

#### Berkshire Wind

Hamilton noted that there will be a ribbon cutting ceremony next week, Hamilton and several board members will be attending.

### CUSTOMER COMMENTS

Rivers asked about the remaining underground utilities upgrades. Hamilton noted that the engineer was documenting everything in a GIS sketch.

### NEXT BOARD MEETING

Next Regular Board Meeting will be on May 10<sup>th</sup> 2011 at 7:00pm.

8:28pm Rivers moved to go into Executive Sessions in accordance with MGL Chapter 164: Section 47D as is "necessary for protecting trade secrets, confidential, competitively sensitive or other proprietary information" to discuss the Renewable Energy Portfolio and to discuss Personnel Policy Manual in accordance with MGL Chapter 30A: section 21, "to conduct strategy sessions in preparation for negotiations with nonunion personnel" and to reconvene for open session only to adjourn. Motion seconded by Pape. Roll call vote: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

**MOTION TO ADJOURN**

8:50pm Pape moved to adjourn open session meeting. Motion seconded by Stelmach. Stelmach aye, Pape aye. Motion approved by the Board.

ATTEST:

  
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Michael Rivers, Clerk

DATE:

05/11/11  
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**List of Referenced Documents:**

- ❖ Millstone Tax (Via Email Letter from MMWEC Dated April 13<sup>th</sup>, 2011)
- ❖ DEP Audit (Discussed in Executive Session)
- ❖ Employees Handbook Draft (Discussed in Executive Session)
- ❖ SEDC Final Services Agreement
- ❖ SMLD Categories and Rates