



Peabody Municipal Light Plant

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PEABODY MUNICIPAL LIGHTING COMMISSION MINUTES OF REGULAR MEETING MARCH 26, 2015

A regular meeting of the Peabody Municipal Lighting Commission was called to order on Thursday, March 26, 2015 at the Peabody Municipal Light Plant, 201 Warren Street Ext., Peabody, Massachusetts at 6:30 p.m.

Present for the meeting were Commissioners William Aylward, Charles Bonfanti, Thomas D'Amato, Thomas Paras and Robert Wheatley; Manager Glenn Trueira, Assistant Manager Kristina Frizzell, Attorney Philip Durkin and Recording Secretary, Barbara Previte.

Chairman Paras asked if there were any additions to the agenda, and Manager Trueira stated no.

1. Agenda Item A: Approval of Agenda

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED (5-0):

MOVE TO APPROVE THE AGENDA.

Chairman Paras introduced and thanked the student government representatives. The representatives are Chairman David Hoar and Manager Jackson Farrell.

2. Agenda Item B: Announcement:

Chairman Paras acknowledged that this is an open meeting and informed the public that the meeting is being recorded by hand and voice recorder.

3. Agenda Item C: Approval of Minutes:

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER D'AMATO AND VOTED UNANIMOUSLY (5-0):

15-21 MOVE TO APPROVE AND RELEASE THE REGULAR MEETING MINUTES OF FEBRUARY 26, 2015.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND VOTED UNANIMOUSLY (5-0):

15-22 MOVE TO APPROVE AND NOT RELEASE THE EXECUTIVE SESSION MINUTES OF



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FEBRUARY 26, 2015.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER D'AMATO AND VOTED UNANIMOUSLY (5-0):

15-23 MOVE TO APPROVE AND RELEASE THE EXECUTIVE SESSION MINUTES OF JANUARY 29, 2009; MARCH 26, 2009, MAY 28, 2009; JUNE 25, 2009, SEPTEMBER 10, 2009; SEPTEMBER 24, 2009 (CONTINUATION OF SEPTEMBER 10, 2009); SEPTEMBER 24, 2009, AND OCTOBER 22, 2009

4. Agenda Item D: Appointments:

- **Power Supply Trust – Investment Philosophy Update** – Manager Trueira introduced Jeanne Carnevale, Treasurer (City of Peabody) and Rich Rogers of Abbey Capital. Jeanne Carnevale gave the Commission a background of the investment structure. Jeanne stated that she has been working hard on increasing the equity value. She also mentioned the added equity exposure. Jeanne talked about the legal list of stocks and where the funds can be invested. Jeanne stated that after reviewing the process she prepared an “RFI” for investment services. This is the first time the City has required that for the investments. The City received and interviewed several firms and gave a three year contract to Abbey Capital where it went from a commissioned-based structure to a fee-based structure. Jeanne Carnevale then pursued a Home Rule Petition to allow the possibility of investing in the Standard & Poor’s 100 Index of stocks which gives PMLP a more diversified market exposure and less risk. Rich Rogers updated the Commission on the current state of the economy, the stock market, interest rates, and where he sees all of these heading. He also explained how the recent Home Rule Petition has allowed him to expand his equity options to better allow him to mimic the performance of the S & P 500, or the majority of the market as a whole. PMLP management had recently met with Rich and Jeanne and to discuss the possible withdrawal of some to all of the funds in the Power Supply Trust depending on the opportunities presented to us in the generation market. Due to this possible withdrawal in the next few years, Rich was going to have to take a more conservative and short term approach to investing in order to keep the funds safe and liquid. This would probably lead to slightly lower returns than we were used to with these investments. Commissioner Wheatley asked how much “cash” was in the fund and he inquired about the different certificates of deposit in the fund, and when they would come due. Rich stated that there was currently approximately \$6 million in cash, and he explained his “laddering” approach to investing in CDs.



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- **REMARKS OF THE GENERAL PUBLIC:**

There being none, the meeting continued.

5. Agenda Item E: Correspondence

- **Peabody Veterans Council** – The Commission accepted this correspondence from the Peabody Veterans Council inviting the Commission to participate in the Memorial Day activities on Monday, May 25, 2015.

6. Agenda Item F: Manager's Reports:

- **SEDC/UPN**—Manager Trueira deferred to Kevin Moran, Business Manager, for an update. Kevin stated that Business and Administration have been working diligently with SEDC. He stated that the expected implementation date is now June 1. Software upgrade will occur this week-end.
- **IPSWICH RIVER SUBSTATION** – Manager Trueira deferred to Roy Simoes, Associate Electrical Engineer, to brief the Commission on the project. Roy stated that he and Brian Abcunas met with ISO New England regarding the project. Specifically they met with the Reliability Committee (RC) which is a standing technical committee of the New England Power Pool (NEPOOL). The RC advises the Participants Committee and ISO New England on the design and oversight of reliability standards for the New England power system. The RC considers matters such as the proposed plans for supply and demand-side resources, transmission, and interconnections, including the Ipswich River redesign on National Grid's system. PMLP received approval from the RC regarding moving forward on this project. The second update was a meeting with PLM, Mike Barrett, to move forward. Lastly National Grid has finished our design work 2 ½ weeks early. Engineering should be receiving this on Monday. National Grid is a partner with us on modifying the transmission line to accept our new taps. PMLP and National Grid will be attending a Conservation Committee meeting shortly to obtain an Order of Conditions.
- **GT-2 REPAIRS** – Manager Trueira deferred to Chuck Orphanos, Principal Electrical Engineer, to discuss the status of the GT-2 repair work. Chuck stated that Air New Zealand ("ANZ") will be repairing both the high pressure and low pressure turbines. Chuck informed the Commission that the high pressure turbine has been repaired and has left Auckland, New Zealand. The low pressure turbine is expected to be shipped on or about April 1, 2015 and work will begin on April 5, 2015. Chuck informed the Commission that conference calls take place each week to discuss the process.



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- **AUTOMATED METER READING/INFRASTRUCTURE (AMI)** – Manager Trueira deferred to Russell Dunn, Supervising Electrical Engineer, to discuss the project. Engineering has been working with Woodward & Curran to determine the short and long-term needs for PMLP, develop a Business Case and initial RFP for the project. Russell stated that this has been a group effort by Administration, Business, Distribution and IT and appreciates the support of each division. Russell stated that Braintree will be hosting a tour for PMLP on April 2, 2015 and invited the Commissioners to attend.

PERSONNEL

- **LINEMAN/TROUBLEMAN** – Manager Trueira stated that Distribution is still searching for external candidates.
 - **WORKING FOREMAN ELECTRIC STATION REPAIRMAN** – Manager Trueira stated that we have not yet found the right candidate with the experience in substation / generation. Administration and Engineering are working on a revised external advertisement to focus on the substation component of the position.
 - **TEMPORARY METER READER** – Manager Trueira stated that Geoffrey Gongas has been hired. He will begin Monday, March 30, 2015.
7. Agenda Item G: Committee Assignment / Report
- **POLICY COMMITTEE** - Chairman Paras deferred to Commissioners Wheatley and Bonfanti. Commissioner Wheatley explained the direction the Policy Committee is taking. Commissioner Wheatley explained that back in January 2015 the Commission agreed to split the books—Orientation and Personnel Policies as well as Operational. The Policy Committee is working on the Orientation and Personnel Policies' book. The policies discussed are as follows:
 - Anti-Bullying to reflect the possibility if the complaint was about the Manager, the person affected would contact the EAP, same as for the PMLC.
 - Anti-Harassment to reflect the company Lahey Behavioral Services and the telephone number instead of a specific person. It was also updated to reflect the possibility if the complaint was about the Manager, the person affected would contact the EAP. The sign off sheet was revised to reflect the policy date change.



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- Equipment Loan Policy to remove the applicability for customer and/or non-profit organizations the ability to borrow our equipment.
- Employee Recognition Policy reflects the last review of the policy—which is March 26, 2015 (no changes made).
- Environmental Policy reflects the last review of the policy—which is March 26, 2015 (no changes made).

The Committee will focus their attention to the Leave Policy along with the Security Policy.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND VOTED UNANIMOUSLY BY ROLL CALL (5-0):

- 15-24 MOVE TO APPROVE THE CHANGES AND RECOMMENDATIONS FROM THE POLICY COMMITTEE TO REVISE THE ANTI-BULLYING POLICY, ANTI-HARASSMENT POLICY, EQUIPMENT LOAN POLICY, EMPLOYEE RECOGNITION POLICY AND ENVIRONMENTAL POLICY WITH THE TABLE OF CONTENTS BEING REVISED TO REFLECT THESE CHANGES.



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8. Agenda Item H: Award of Bids

- **POWER LINE CLEARANCE (TREE TRIMMING) SERVICE** – Manager Trueira deferred to Dennis Ahlin, Assistant Superintendent of Electric Distribution – Safety, who stated that the Mayer Tree Service tree trimming contract is about to expire. The specifications were sent out to bid at the end of January to approximately 13 line clearance contractors as well as advertised in the Dodge Report and Salem News. Three bids and one “no bid” were received. The three bids were received from All Reliable Service, Asplundh Tree and Mayer Tree. The lowest bidder, All Reliable Service, St. Augustine, Florida claimed to be in complete compliance; however, the rates charged for tree removal work did not meet prevailing wage along with local references. Their references were from outside of Massachusetts. Asplundh was in complete compliance with the specifications. Lastly Mayer Tree was also in complete compliance. Distribution met with All Reliable Service management to discuss their proposal including the quantity of line clearance personnel, where they currently work. They do not have any crews in Massachusetts and if awarded the contract would either relocate an existing crew or hire a crew locally. They did not have an acceptable plan to provide PMLP a crew off hours if the crew performing the regular work crew was not available. All Reliable proposed to provide all new equipment for the crew; however, they did not have a firm plan to promptly deal with breakdowns and repairs. Distribution discussed the contract requirements with Asplundh. Asplundh will be able to fulfill them. Asplundh’s bid price for the first year of the contract is \$742 per day which is \$27 per day less than the current daily rate we are paying Mayer Tree.



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MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND VOTED UNANIMOUSLY BY ROLL CALL (5-0):

- 15-25 MOVE TO AUTHORIZE THE MANAGER TO ENTER INTO A CONTRACT WITH ASPLUNDH TREE EXPERT COMPANY FOR THE PERFORMANCE OF LINE CLEARANCE SERVICES FOR A PERIOD OF TWO YEARS AT A COST OF \$742 PER DAY FOR THE FIRST YEAR AND \$753 PER DAY FOR THE SECOND YEAR.

9. Agenda Item I: General Business

- **GAS TURBINE INSURANCE RESERVE FUNDING** – Manager Trueira deferred to Bryan Howcroft, Senior Electrical Engineer / Power Supply Analyst / Energy Resources Coordinator who explained to the Commission about the Gas Turbine Insurance Reserve (GTIR). This was an account that was established to finance major generator overhauls and repairs for GT1 and GT2. Due to the cash crisis in 2005-2006, the PMLP stopped funding this account on a regular basis and the fund balance is not high enough to pay for the substantial repairs needed to the two units. Bryan recommended that the PMLC authorize the transfer of \$848,167 from unrestricted cash to the GTIR Fund to account for the monies that should have been transferred over the past eight years and also to account for half of the current repairs to GT2. He also recommended the transfer of an additional \$374,006 from cash to the GTIR to the Depreciation Fund to account for the money that was taken out of the Depreciation Fund last year to pay for the GT1 repairs. Also, Bryan recommended that the PMLC reinstitute the monthly funding of the GTIR based on run conditions and to allow the interest earned in the fund to stay in the fund. Commissioner Wheatley spoke about the motion from 2005-2006 where the Commission stopped funding this account. Manager Trueira stated that PMLP did not move the \$600,000 back into the fund according to the prior motion. Manager Trueira stated the importance to reinstitute funding on a regular basis. Discussions ensued regarding the process.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND VOTED UNANIMOUSLY BY ROLL CALL (5-0):

- 15-26 MOVE TO AUTHORIZE THE MANAGER TO TRANSFER \$848,167 FROM UNRESTRICTED CASH INTO THE GAS TURBINE INSURANCE RESERVE FUND AS WELL AS TO TRANSFER \$374,006 FROM UNRESTRICTED CASH INTO THE GAS TURBINE INSURANCE RESERVE FUND INTO THE DEPRECIATION ACCOUNT.



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Commissioner Wheatley stated that he is looking for a Motion to rescind 06-30 which suspends transfer of money. Manager Trueira informed the Commission on why and how this occurred. It was a period that PMLP had low unrestricted cash.

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY COMMISSIONER D'AMATO AND VOTED UNANIMOUSLY BY ROLL CALL (5-0):

15-27 MOVE TO RESCIND MOTION #06-30 WHICH READ AS FOLLOWS:

"To suspend any transfer of monies into the Insurance Reserve (Gas Turbine Fund) until the \$600,000 has been repaid. (See Motion 06-29)."

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND VOTED UNANIMOUSLY BY ROLL CALL (5-0):

15-28 MOVE TO ACCEPT RECOMMENDATION OF STAFF TO REINSTATE FUNDING ON A MONTHLY BASIS TO THE GAS TURBINE INSURANCE RESERVE FUND ALONG WITH ANY INTEREST ACCRUED TO REMAIN IN THE ACCOUNT.

• **REMARKS OF COMMISSIONERS**

Commissioner D'Amato congratulated the student government candidates and thanked them for their civic duty.

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED BY ROLL CALL (5-0):

MOVE TO ENTER INTO EXECUTIVE SESSION IN ACCORDANCE WITH CHAPTER 30A, SECTION 21(a) 2 FOR THE PURPOSE OF DISCUSSING AND CONDUCTING STRATEGY SESSIONS IN PREPARATION FOR COLLECTIVE BARGAINING SESSIONS.

Chairman Paras declared the Regular portion of the Meeting of March 26, 2015 adjourned at 7:45 p.m.

A TRUE RECORD

Attest:


Thomas M. D'Amato, Secretary

Peabody Municipal Lighting Commission