



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PEABODY MUNICIPAL LIGHTING COMMISSION MINUTES OF BUDGET MEETING JANUARY 11, 2022

A Budget Meeting of the Peabody Municipal Lighting Commission was held on Tuesday, January 11, 2022 at the Peabody Municipal Light Plant, 201 Warren Street Ext., Peabody, Massachusetts at 9:00 a.m.

Present for the meeting were Commissioners William Aylward, Charles Bonfanti, Thomas D'Amato, and Raymond Melvin; Manager Joseph Anastasi, Assistant Manager Bryan Howcroft, and Recording Secretary, Barbara Previte.

- Agenda Item A: Approval of Agenda:

Chairman D'Amato asked if there were any changes to the agenda and Manager Anastasi stated he had none.

Chairman D'Amato stated he and the Commission is excited about the year. The Commission collectively is looking forward to working with the new Manager (Anastasi) as well as the new Commissioner (Melvin).

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (5-0):

MOVE TO APPROVE THE AGENDA.

- Agenda Item B: Announcement:

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

- Agenda Item C: General Business:

Chairman D'Amato deferred to Manager Anastasi to present the 2022 budget. Manager Anastasi stated that Assistant Manager Howcroft worked with former Manager Orphanos on the budget and will present a summary of the budget.

Assistant Manager Howcroft presented the budget overview. The budget was predicated on energy sales of 487,219,000 kWh, but actual sales came in about 7,000,000 kWh less than projected. The 2022 estimated operating revenue is based on energy sales of 484,000,000 kWh which is about a 1% increase over 2021 actual sales. The 2022 Electric Operations Expense is /



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 2

was prepared using a 3% depreciation rate. The capital improvements plans were put on hold in 2020 and capital spending in 2021 was about \$2.5 million under budget, therefore, a 3% depreciation rate will keep the Capital Depreciation Fund solvent.

The 2022 budget reflects a slight projected net income of \$86,166. The net income assumes that we will be using a portion of the surplus funds being held at MMWEC.

Assistant Manager Howcroft spoke about rate. Administration has been working with PLM on a cost of service study. The rates for Peabody Municipal Light Plant are the lowest in the Commonwealth by a substantial amount. The Cost of Service Study will help PMLP evaluate revenue generated for each rate class against our power supply costs and expenses to sustain our operation and ensure capital funding for future projects and longevity. This is expected to be completed the first quarter of 2022 and will come before the Commission for a vote.

Assistant Manager Howcroft went on to discuss Administration's actions plans within the budget. Specifically, strategic plan, need for reorganization; cost of service study; plan to accomplish negativity going away; employees need to fix it and Connect Homes program. Manager Anastasi said that he is working on a plan/foundation to fix the organization and he discussed the components of the plan. Commissioner Melvin asked a question specific to our bulk power supply rates. Assistant Manager Howcroft stated it will be discussed later; however, it is roughly 80% contract. The contract is hydro, solar, wind and hedge. Further discussion regarding the strategy and specific breakdown of power supply. Assistant Manager Howcroft stated he would get a pie-chart for the Commission of power supply. Assistant Manager Howcroft stated that power supply is two-thirds of the budget. A question about our contracts with Eagle Creek (5.7% hydro); generator rental, Fifth Street solar, etc. Commissioner Melvin asked how many solar installations in the City. Assistant Manager Howcroft stated he believes 4 commercial and industrial accounts and approximately 35 residential accounts. Further questions arose about the summer generator program. Assistant Manager Howcroft stated the bonding is complete for the 2015A project.

The Commission and Manager Anastasi complimented Bryan Howcroft on the budget presentation.

Engineering (Roy Simoes, Brian Abcunas, and Timothy Hennessy) presented their budget. Supervising Electrical Engineer Roy Simoes introduced Tim Hennessy, Associate Electrical Engineer / Operation and Brian Abcunas, Associate Electrical Engineer – Engineering. Roy Simoes thanked the Commission and stated that he is deferring to both Tim and Brian to talk about the accomplishments and budget. Tim Hennessy stated that he works with day-to-day operation of the substations. The biggest accomplishments in 2021 are the purchase and swap



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 3

out of the GE LM5000. The engine was swapped out and sent to Auckland (Air New Zealand). Discussion ensued about the logistics, test and the history of this engine. The issues have to do with vibration issues. Tim stated that there are approximately 30 GE LM5000 left in the world. Commissioner Melvin asked if we had the opportunity to purchase spare parts from the engines that had been retired. An explanation that we have a contact with someone that provides services and spare parts all over the world. A question arose about why New Zealand and the answer was there are only two companies in the world that service this engine and the other is a German company. Further discussions about the engine that is currently in New Zealand being refurbished will be brought back to Peabody and the engineer there currently will be sent and housed in California.

Tim Hennessy discussed the 2015A project. He explained that this is an MMWEC project. His staff will be working with the contractor, Cianbro, and PMLP's staff will be billed to the 2015A project. There will always be a power plant equipment maintenance man overseeing the project. Tim informed the Commission that it will be a Pratt-Whitney engine (FT 4000). Engineering stated that we believe this type of turbine is new. Questions arose if we know of any of these turbines anywhere else? It was emphasized that PMLP is one of the participants and we are the host of this project. The dispatching of this turbine will be from MMWEC in Ludlow. Questions arose about a project schedule. Manager Anastasi stated that he and Bryan Howcroft receive updates. It was suggested that we have Cliff Martellini, fly over the project with the drone weekly or every other week. A discussion also ensued about communicating to the citizens about the peaker plant. Educate the customer. This would be done by MMWEC. It was explained that PMLP is one of 14 participants. Discussion about the conceptual plans for hydrogen. It was emphasized that this is a fast start turbine with a 10- minute market start. Further discussions ensued regarding compensation for our hours that we work on the maintenance. We will bill the project which will be paid by the participants. A short discussion about fencing and non-electrical barriers.

Brian Abcunas, Associate Electrical Engineer, spoke about the Waters River project that was awarded to replace the 23kW circuit breakers and switches. This work is a further continuation of previous work at the Waters River Substation bringing the remaining critical 40-year old station components up to the latest industry standards along with removal of more oil containing devices from our system. The kick-off meeting occurred with Power Line contractors. Work is going to start very shortly. Brian explained that the Commission had approved the purchase of the circuit breakers and switches and now we are going to install and bring the station up-to-date. Continuing at Waters Rivers, we are going to replace the existing 115KV circuit switchers with the last technology 115KV gas insulated circuit breakers.



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 4

Brian Abcunas spoke about the fiber optic connections and install multiplexer devices to create a reliable, self-healing fiber connection systems between PMLP substation and the office building. This will continue the work the network has started between Ipswich River and the building. We can move SCADA, phone lines, cameras to fiber optic lines.

Engineering will be purchasing and installing new Electro switch LSR "Arc Flash Mode" switches to replace manual switches currently installed at Bart, Summit and Warren Streets. After the replacement, they connect them to the SCADA system.

Brian Abcunas informed the Commission that they are continuing GIS map system as well as using the new ESRI Enterprise tools to capture and update data as efficiently as possible. Engineering is investigating vendors who partner with ESRI to create solutions that further PMLP's GIS and Grid Modernization goals.

Roy Simoes, Supervising Electrical Engineer, spoke about how smart we were back in 1997 with AMI and the Scada system. We sat back on the sidelines and were wise not to spend the money. Roy stated that 85% of outages are transient, squirrels, trees and;/ or birds. The Commission stated Engineering is cool. The Commission thanked them.

Next up is Business. Karen Repucci, Business Manager, who spoke about customers service, cash, compliance, expenses and revenue. She introduced her staff of Michelle Michaelis, Assistant Business Manager / Customer Services; Sharon Glavin, Assistant Business Accounting /Finance; and Fred Bettencourt, Inventory Control Coordinator. Karen has kept a close eye on cash, finance, cost of service, and bond flush. She spoke about finalizing the Cost of Service study. The Business Manager is recommending to finalize a Cost of Service study which will result in a rate increase.

Karen Repucci, Business Manager, talked about that PMLP has not been receiving interest in the Bond Flush Funds where she identified and PMLP received approximately \$157,000 in interest. Karen stated that PMLP hired a collection agency to pursue accounts that PMLP has written off. Karen is also working with the City on COVID reimbursement from 2020/2021 which is approximately \$150,000. Business spoke about money received through NASCAP to help our customers which PMLP received a check for \$400,000 from the Federal Government.

Business Division spoke about the projects completed in 2021 which were the front foyer, employee entrance, added concrete curb. In 2022, Business would like to hire Weston & Sampson to prepare bid specifications, bid packages, advertise and evaluate proposals for the necessary changes to the diesel plant. It is anticipated that it will need a new roof. Fred Bettencourt, Inventory Control Coordinator, stated that we have replaced signs, completed



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 5

landscaping out front, maintain the drainage system as well as the fuel station inside and outside. Karen Repucci spoke about the capital projects which involves the customer service area. She stated the auditorium will be a capital project in 2023. Karen pointed out that we now have a laptop in the lobby for ease for customers whether it be a payment and/or new service.

Business is happy to report that more and more customers are paying their bills electronically. Customer service is pushing them to do everything online. COVID has definitely helped Customer Service with walking customers through new service applications as well as paying their bill. Business has been working with the City of Peabody, Assessors' office, on home sales. The Assessor's office notifies PMLP of a deed change which results with us verifying the correct owner of the property. This past year we identified 1,200 changes in deeds. Customer Services handles high bills, signing up for service, deposits for tenants.

Sharon Glavin, Assistant Business Manager, Finance/Accounting spoke about her job. She stated she is good at her job but her job consists of numbers whether it be payroll, cash, revenue, deposits. She stated that we have a good bond rating. Sharon asked why do we have several locations for bill payment. It makes her job difficult when she is preparing an analysis of where the bills are being paid from. A discussion occurred to eliminate the payments from the libraries and prepare a direct mailing or put it on a bill message. Collectively the Commission, Manager agree to eliminate the bill payments at the libraries and maintain at PMLP and City Hall.

Business spoke about the 2022 actions plans of remodeling customer service, paving the parking lot, eliminating the concrete slabs, replacing the roof on the diesel plants, as well as the building (but in phases). The roof replacement for the building would be warehouse area, dispatch and Karen's area – three phases. The roof is 30 years old and it is a metal roof. Business would like to renovate the spray pond gate/fence area to improve loading/unloading transformer padmounts. The gate opening needs to move to provide better access for the line trucks and forklifts.

The Commission thanked Business and stated the Business Division is cool similar to Engineering.

Environmental—Dan Guitard informed the Commission that PMLP had an EPA inspection on August 3. The inspection is a big deal because the EPA is looking for non-compliance issues. Dan stated he has a good working relation with the Massachusetts Department of Environmental Protection as well as the US Environmental Protection Agency. Dan informed the Commission that in his 20-year history of working with environmental issues this is the first



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 6

time that he has been in complete compliance. Dan stated that he is constantly updating his compliance calendar. He is working on developing a hazardous compliance program online system. A data base for chemicals online. The question is what do we do with chemical on site. Train all employees. Dan is also working on strategic plan to create document control. The document management system is used to track, manage and store documents and reduce paper. He is working with Will Cardello, Marshal Simpson and Ivan Tran. Next, he is assisting with working on an "intranet site".

Dan stated the he has implemented a fire drill program. He is working on a written program which is required by OSHA.

Dan is working with Business Division on cleaning up the diesel plant. He also is working on cleaning up the surplus equipment specifically the 5-gallon chemical drums. He explained that hazardous waste has so many regulations. PMLP will continue sponsoring household hazardous waste day for the City of Peabody.

Lastly, he spoke about emission reduction credit. The regulations that have been earmarked for 2050. So Environmental tracks annual emission reduction credits for Nox, CO2 and DERC's as well as purchase required credits for annual certification. 2020 was the last year of CO2 allowance for Mass Carbon Allowance Program. PMLP will need to purchase credits for every metric ton of CO2 admitted. Environmental has \$30,00 budgeted. The cost is approximately \$10-\$12 per credit and PMLP has 22,000 credit in the bank. He spoke about Nox credit which are about \$5 to \$15 and RGGI credit of 10,000. He explained RGGI as RGGI is to reduce power sector carbon dioxide emissions 30 percent below 2020 levels by 2030.

Distribution – Dennis Ahlin, Superintendent of Electric Distribution; Michael Moore, Assistant Superintendent of Electric Distribution / Construction and Marshal Simpson, Assistant Superintendent of Electric Distribution / AMI / Metering. Dennis spoke about purchasing new tools; line truck, worked on 4 or 5 poles that were rotten that were identified by the drone. He talked about the air breaks being replaced. JS424 Circuit at Johnson Street and the tree issue. He spoke about pole inspections. Distribution discussed the issue we are having with Verizon and their subcontractor Osmose and the Xs they are putting on our poles and leaving a mess behind.

In 2022 the major work is to work with Engineering to install new disconnect switches on the interconnecting lines in the area of North Shore Road to provide flexibility for use of these lines and install necessary communications equipment. Continue to work with engineering and provide installation of polemount lightning arrestors at approximately 50 location and begin replacement of aging dead-end insulators on the distribution system. Distribution will work



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 7

with administration, business and engineering to begin conversion of contract lighting to LED technology.

Continue training for personnel in metering, safety, apprentice program, rubber gloving/hotsticking and programs being offered by NEPPA, APPA, National Grid, etc. Complete specifications for bid document for the two of 2 new Ford Explorer UPI AWD vehicles; as well as a new 2021/2022 F150 XL pick up 4WD. Purchase a new battery-operated forklift with charging station for the stockroom. Continue working on specifications and asset in preparation of bid documents and submit recommendation to the Manager for the purchase of a new 2021/2022 F350 XL 4WD with plow and sander.

As mentioned earlier, Dennis stated that he is purchasing tools specific for the meter department such as a RM17 portable test system; as well as new CT Rated Meter Site Analyzer, purchase an MT-1/WT3 portable bi-directional wireless meter tester; a test board, the RFL 5800 test board used for accuracy testing in the meter shop cannot carry out functional testing as per ANSI. Purchase 2 push up amp probe with switch sticks.

Dennis continued talking about working on the fiber optic line from Northshore Road to Bartholomew Street via Summit Street Switching Station along with linking everything to the Scada system.

Distribution will work with Administration, business and Engineering to begin conversion of contract lighting to new LED technology.

Distribution will continue working with Engineering in purchasing and installing 10 new Air Breaks to replace the Hubbell (Chance) air breaks.

Distribution is working with Administration on revising the Apprentice Program.

Bryan Howcroft, Assistant Manager, spoke on behalf of John Maihos, for Community Relations and Human Resources. Specifically, he spoke about the Annual Science Fair and appropriate awards ceremony. Organize, plan and implement a Public Power Week (10/322-10/8/22) to focus on making our customers aware of the benefits of Public Power and the importance of energy efficiency and conservation. Community Relations manages and markets PMLP's Home Energy Assessment Program as well as Residential Energy Star Appliance Rebate Program. Community Relations is working with MMWEC with their new Connected Homes and Electric Vehicle program. Community Relations is also working with MMWEC to manage the Commercial and Industrial Prescriptive HVAC and Lighting programs. Community Relations continues to work on the "Historical Calendars" and NSCAP. Continue building our relationship with Peabody Area Chamber of Commerce, Kiwanis, City Staff meetings. Monitor



Peabody Municipal Light Plant

Community Owned. Not for profit. It's Ours.

PMLC Budget Meeting
January 11, 2022
Page 8

grant funding through Massachusetts and Federal offices.

Bryan Howcroft spoke about John's responsibilities in Human Resources to determine training gaps and specific training opportunities. Plan and implement various employee appreciation events as well as Public Power Week and Services Awards.

- Agenda Item D: Adjournment:

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

MOVE TO ADJOURN OR END THE MEETING OF JANUARY 11, 2022.

Chairman D'Amato declared the Meeting of January 11, 2022 adjourned at 1:50 p.m.

A TRUE RECORD

Attest: *Charles W. Bonfanti*
Charles Bonfanti, Secretary
Peabody Municipal Lighting Commission