

KENNEBUNK LIGHT & POWER DISTRICT  
COUNTY OF YORK  
STATE OF MAINE

- - -

BOARD OF TRUSTEES MEETING MINUTES

- - -

KENNEBUNK LIGHT & POWER DISTRICT  
4 FACTORY PASTURE LANE  
KENNEBUNK, ME 04043  
TUESDAY, NOVEMBER 29, 2016 at 6:00 p.m.

- - -

BOARD MEMBERS:

PRESIDENT: JONATHAN KILBOURN - (PRESENT)

VICE-PRESIDENT: WAYNE E. BERRY - (PRESENT)

GENERAL MANAGER/TREASURER: TODD SHEA - (PRESENT)

CLERK: ROBERT EMMONS - (PRESENT)

TRUSTEE: DAVID CLUFF - (PRESENT)

TRUSTEE: DAN BARTILUCCI - (PRESENT)

ALSO PRESENT:

Curtis Mildner, Kennebunk

Bill Grabin, Kennebunk

Monica Grabin, Kennebunk

Albert Kolff, Kennebunk

Shawn Teague, Kennebunk

Donna Teague, Kennebunk

ALSO PRESENT (continued):

Bill Harmon, Kennebunk

Beverly Freudenreich, Kennebunk

Bill Pasquill, Kennebunk

Tony Grant, Kennebunk

Nancy Campbell-Jones, Kennebunk

Betsy Gyimesi, Kennebunk

Peter Gyimesi, Kennebunk

Bob Georgitis, Kennebunk

Ward Hanson, Kennebunk

Chauncey Copeland, Kennebunk

Matthew Rancourt, Business Manager

Kathleen DeMarre, Transcriptionist

TRANSCRIPT OF PROCEEDINGS

THE VERBATIM PORTIONS OF THIS MEETING are supplied to you on the condition that receipt thereof will certify the accuracy of the spoken word but not that of the speakers.

THE VERBATIM PORTIONS OF THIS MEETING are a transcript of the recorded proceedings and since the proceedings were not taken in front of a court reporter, accuracy in the depiction of speakers cannot be guaranteed in the colloquy of the transcript.

THE VERBATIM PORTIONS OF THIS MEETING are the only official transcript which may be relied upon for purposes of verbatim citation of the proceedings.

Whereupon, President Kilbourn called the meeting to order at 6:00 p.m.

Whereupon, Item II, Approval of Agenda, occurred.

Whereupon, Item III, Public Comment Period (Limited to 15 Minutes Total), occurred.

- - -

*Public Comment Period*

*Verbatim Transcription*

- - -

MR. KOLFF: Albert Kolff. What I wanted to do is share what I handed over to the Selectmen, the six pages and the seventh page which was a letter to the editor, just for information so we all have the same information. You can challenge it. Whatever you like. Sorry, Todd. I only made five copies.

TRUSTEE CLUFF: We can make copies.

GENERAL MANAGER SHEA: Yup.

MR. KOLFF: If you'd like, I'll just keep it very short. If you flip to the second page, it consists of two columns, which compare an alternative plan and a Wright-Pierce Alternative 4 plan, as we see it, and a comparison of the yellow column is the alternative plan, and the red column is the Wright-Pierce with GSA alternatives.

(Thereupon, Mr. Copeland entered the meeting at 6:05 p.m.)

MR. KOLFF: Even if you subtract -- in the red column, even if you subtract Line 12, which is the cost of electricity not generated for 40 years, and Line 13, which is the cost of fixing infrastructure, that reduces the cost implications from 14 million to 3 million. It's still a negative cost compared to the positive cost resulting from generating electricity. This 881,000, which is the revenue in the red column, if you don't maintain the dams and don't continue generating electricity for the license period, that \$881,000 would be much less, so your net loss would be higher than it is in this proposal or this comparison of the two alternatives.

(Thereupon, several other individuals entered the meeting at 6:06 p.m.)

MR. KOLFF: Again, I encourage you to challenge the numbers. It's my objective to find out what the costs are going to be. I did -- we're still hoping that Todd can give me an insight into what Wright-Pierce had for the costs of capital costs and the operating -- rather, the operating costs for labor and non labor.

I have included the Alden Fish Report, which is the reason that the alternative, the new alternative, is less expensive. If we are not required to put in fish -- we'll find out. We need more studies on the fish and what is there and what we'd like to see, but without the cost of the fishways, we actually have a profitable alternative. The last page is simply a copy of the letter to the editor that I'd like you to read at your leisure. It proposes that we can have a win/win situation by allowing the dams to be taken over by the Town of Kennebunk.

I'll keep it short. Thank you.

PRESIDENT KILBOURN: Thank you. Could I just ask two quick things: Have you had a chance to sit down with Todd, or Todd and Matt, to review these spreadsheets and understand how they do or don't share common assumptions and basically went through it? Because, obviously, tonight we're not really set up to do that.

MR. KOLFF: Right. I have, but I'd love to go through it again. The spreadsheet that I've included here, simply, is exactly the Alternative 1(a) done by Wright-Pierce taking out the costs of the fishways. That's the only difference in the spreadsheet.

PRESIDENT KILBOURN: Okay. Thank you. And are the -- are the actual working spreadsheets available to our staff, as well?

MR. KOLFF: I could make them available and it would be my dream.

PRESIDENT KILBOURN: Thank you. Other comments?

MR. MILDNER: Yes. I'd like to comment on the election, the referendum. I know this is a topic tonight and I want to caution this board not to overly interpret that referendum and I have a couple of comments. One, is to state the obvious, that it didn't include any costs in the referendum, so folks were voting on something which was lopsided.

And the other side of this is the information, as provided by those who want to save the dams, found that the information was misleading, incomplete, not factual. Just a couple of examples: I think that one of the key things in this election was about the Mousam becoming the "Mudsam". Well, it's not going to be the Mudsam, and you all know that, because you can see what it looks like below the dams in three different locations.

You can also take a look at other places that have removed the dams and you will see that those are free flowing rivers. They do not turn out to be mud flats. They turn out to be rocky-bottomed rivers. I will concede that the river will be different. It won't be a pond. It will be a river.

And there are other issues that I have. One is, that on the Save The Dams website they cite financial results which, quote, say the referendum or removal -- not removing is net positive and you all have spent a lot of money putting together financial forecasts which say something very, very different. Why that information wasn't referred to or disputed on the website, I don't know, but that was misleading.

Another issue about the Alden report. That report says there are eight fish in the river. Now, I will say that if there are eight fish in the river -- ten?

MRS. TEAGUE: Nine.

MR. MILDNER: Nine. Well, I've caught them all, then. There are more than nine fish in that river.

UNIDENTIFIED MALE SPEAKER: Then we don't need fish ladders at all.

MR. MILDNER: Well --

(Thereupon, a portion of the meeting became Inaudible. Laughter and various conversations were occurring simultaneously.)

MR. MILDNER: Can I have my chance, please? So they're using something which, of course, is not a valid study, exaggerating it. When, in fact, the river -- some people say that river could support hundreds of thousands of fish and there is, on the website for the Mousam River Alliance, images of fish at the pool below the dam; unmistakable, irrefutable.

I've given you some examples of -- the referendum was unfair because it didn't include costs. Statements, which were widely publicized by the proponents of keeping the dams, were counterfactual and misleading. So, I would maintain, this town voted on something which started out unfair and then became extraordinarily unbiased in the end and I think that what we need in this town is a fair assessment of the facts; what the river is going to look like, what it's going to cost, and all this other stuff that's been thrown around let's get rid of. We might actually be able to reach a reasonable decision and a compromise if we focused on facts versus just making things up like the "Mudsam", like financial reports which this board has hired consultants to repute.

And I'm also saying that it would have been better if this board had provided some basic information to voters. I do not -- I do not know why it did not, but that absence was felt in this referendum. Therefore, my conclusion is, is the entire referendum is just a stunt. It is not something that is valid or useful at all for decision making.

PRESIDENT KILBOURN: Thank you. Other comments?

MR. GEORGITIS: I guess I'd like to respond to that and in light of your number four, is that the referendum was written in a very short period of time. If I had wanted to spend more time and get the legal expertise to put numbers to it, it would have taken another three or four weeks to vet it through the legal process. We, honestly, just didn't have the time. Based on the decisions of this board and how you were moving, we did the shortest and quickest thing we could do and we wrote three questions to get the sentiment of the community.

I think the community has spoken pretty strongly to say, regardless of whether you generate power or not, there's a community sentiment to keep the dams. The next step in the process -- we can argue about whose numbers are right or wrong. We've used your numbers, with Albert spending a lot of hard work chasing those numbers down, but regardless, the next step is to meet with the Board of Selectmen and talk about how we go from where we are today and where we're going to go together as a community.

And, I'm urging you, as a board, to accept that invitation from the Board of Selectmen to continue that dialogue. Whether they're owned by KLP, owned by the Town, or owned by a third-party entity, that all has to be fleshed out in the process. We're just working through the process.

If we could go back in time and had more time, we could have vetted and given more information. We could have put our numbers to your numbers. We could have put them on a website, but what's the point? We're not going to agree, so where do we need to go from here? Let's put back the past and let's talk about how we go forward. Thank you.

PRESIDENT KILBOURN: Thank you for that, and I'll just say that let's never assume that we won't agree, but we may be able to eventually drill down --

MR. GEORGITIS: That would be great.

PRESIDENT KILBOURN: -- (INAUDIBLE) --

MR. GEORGITIS: That would be great.

PRESIDENT KILBOURN: That's the goal, anyway. Thank you.

MRS. TEAGUE: Yeah, I feel that I need to respond, as well, and I hadn't intended on it, but I really don't want to go backward over all this stuff that's been over this last year. We do have a directive and we hope that you fellows feel this way about this and are willing to collaborate and work with the Town now, who is willing to look at this issue and at what the Town wants.

Nobody wants accurate figures more than Save the Mousam does, but it is not -- it is our feeling that Wright-Pierce was not accurate in many of the assumptions and calculations. We did try to point that out as we went along, but, no, we're not professionals, but we're working hard -- at least we're not professional, you know, dam folks, engineers. We certainly are professional, but -- I mean, building hospitals is no small -- small thing.

So, you know, let's try to move forward in the spirit of collaboration and in working together. Many of the people that I've talked to in town, in one sense, don't care what the costs are. They want their dams for a whole host of reasons that can't necessarily be quantified. And, you know, to say that, you know, how come you fellows didn't put figures out? You're figures were out there. You have a whole website with the documentation of all the work that you've done since 2011. So, all of that was there and if people want to look at it, just like us, they can look at it.

We put out what we had. We did the best we could to get good information out there and overall it was very much appreciated by the town's folk who certainly voted in a big victory for the dams. Thank you.

PRESIDENT KILBOURN: Thank you.

MS. FREUDENREICH: Can I -- I just want to make one comment, that I really appreciate the fact that Todd now is listing under the Manager's report the information. In this last election, when you said how many people voted, more people voted on each of those three dam issues than the amount of people who voted for Hillary Clinton and Donald Trump combined. There were more votes, okay? The people came to vote about the dams and they have an interest in it.

Yes, they've looked at the website, just as many of us have. There was no agenda on your website and they've been waiting for it, and looking for it, and it was finally put on this morning. Please, do put the agenda on the website.

Todd, if you don't have the time, find someone on your staff who can help you out.

GENERAL MANAGER SHEA: The agenda was supposed to have appeared last --

MS. FREUDENREICH: It did not.

GENERAL MANAGER SHEA: -- last -- the Friday before last and I even looked to verify that it was there. I don't know --

MS. FREUDENREICH: We checked --

GENERAL MANAGER SHEA: -- what happened to it.

MS. FREUDENREICH: -- we checked every day. We've had phone calls.

GENERAL MANAGER SHEA: Then, that's --

MS. FREUDENREICH: People are looking at your website.

GENERAL MANAGER SHEA: No. I --

MS. FREUDENREICH: They have looked at your materials.

GENERAL MANAGER SHEA: That is absolutely not --

MS. FREUDENREICH: And they still want to go forward and maintain the dams.

GENERAL MANAGER SHEA: That's my apologies. Diane -- Diane, who does the posting, left for vacation the Monday before Thanksgiving and the Friday before that it was posted and, somehow --

MS. FREUDENREICH: It appeared this morning sometime after eight o'clock.

GENERAL MANAGER SHEA: Okay. Well, that's my -- I apologize for that.

MS. FREUDENREICH: I want you to know that people are looking at your website and I got a lot of phone calls asking --

PRESIDENT KILBOURN: Can I just suggest that if you do notice that, and maybe you did this without result, but if you do notice that, please do give a call, because it is our intention to have it up.

MS. FREUDENREICH: Well, I don't expect people, me, telling you when to put your agenda on your website.

PRESIDENT KILBOURN: No. But it is our intention to have it out a full week ahead of time at a minimum.

MS. FREUDENREICH: I think that's --

PRESIDENT KILBOURN: And if you don't see that, then maybe there's a glitch.

TRUSTEE BARTILUCCI: And Todd, I told you about the meeting, right?

GENERAL MANAGER SHEA: The meeting --

TRUSTEE BARTILUCCI: That wasn't changed until -- I didn't see it at 9 o'clock this morning. It's still December 29th or the 27th.

GENERAL MANAGER SHEA: I was -- all right. I'm going to look into that, too, but those -- like I said, maybe there is a glitch with the system, because the agenda -- I was told and checked on Friday, the -- whatever that Friday was before Thanksgiving, I was told that it was placed up there and I checked to make sure it was, because Diane, who does the posting, put it up

there and I was told that the date was moved. I'm going to have to check that again, as well, to see what the problem is in the background of the website and why that's not happening. Because after I'm told it's done, I go to check. It was there. I'm not sure why it reverted back to the other.

MS. TEAGUE: Where was it?

GENERAL MANAGER SHEA: In the News and Notes.

MS. TEAGUE: Yeah, that's where we were looking.

GENERAL MANAGER SHEA: So, up there I've got -- the next meeting is December 6th.

MS. FREUDENREICH: December 6th?

GENERAL MANAGER SHEA: December 6th is the next meeting. That's next Tuesday. That's just --

MS. FREUDENREICH: That's not what the website says.

GENERAL MANAGER SHEA: It's supposed to be just to discuss budget. This meeting was supposed to be just to discuss budget. We didn't land there.

So, December 6th at 6 o'clock, here, is the next board meeting and that is for a budget discussion. The next scheduled board meeting is on January 27th at 7 o'clock, that's here at the offices, and then the discussion will come under Agenda Item Number 6 about the proposed January 17th meeting at Town Hall with the location in Town Hall to be determined. When I spoke to Barry, indications would be that it would be in the Selectmen's chambers, so that it could be televised. But that is --

PRESIDENT KILBOURN: Thank you. It is -- I think we all agree it's really important that this stuff gets posted and is accessible easily.

GENERAL MANAGER SHEA: Yes. Absolutely.

PRESIDENT KILBOURN: Is there a comment in the back?

(No verbal response.)

PRESIDENT KILBOURN: We're going to close here shortly.

MR. HARMON: I'm a property owner on the Mousam River.

PRESIDENT KILBOURN: I'm sorry, your name again?

MR. HARMON: Bill Harmon. And I'd like to respond to this gentleman. I don't know that I saw anything that was intentionally misleading. Now, if there was misleading in something, I'm sure -- I wouldn't accept that, but I do say that I apologize that we all are so late to the game. We probably should have been back here -- we should have been doing this back in 2011 when you first started this process, but we didn't.

I personally didn't find out the seriousness of this or the intentions that the dams were going to be removed until just a little over a year ago. So, we are late to the game, but I think the voters

have given you a clear direction that we would like you to go. We would like you to reconsider what your decisions were if there's time. If not, turn this over to the Town. But somehow the voters would like to see those dams stay. Keep the river the way it is.

I own 550 feet on the Mousam River. It's absolutely gorgeous and I know that when those dams were put in 150 years ago, we did destroy some environment. There's no doubt about it. But to take them out, we're going to be doing just the same thing. We're going to be destroying the environment.

(Thereupon, Trustee Bartilucci presented to those present a copy of a photograph.)

MR. HARMON: Yeah, that's the picture of my property. So, I don't think we should be doing something bad again. Keep what we've got. And also, I think a lot of people are afraid that -- copy of it -- afraid that -- raise the issue of valuation, property valuation. When I bought my property 21 years ago, one of the main reasons I bought that was because of that river and if I want to sell it, I'm sure that it adds to the value of my property. Thank you.

PRESIDENT KILBOURN: Let me just say thank you very much for that and I don't think that it's the view of anybody on this board that just because -- maybe this is -- I'm not sure how many times you've been to our meetings, but recently, I guess, you've gotten involved. That's fine. I don't think there's anybody saying well, you should have, would have, could have and so now your voice doesn't count. I appreciate you being here and being a part of it and I think that there's -- just to make sure you're clear, based on something you just said, I want you to know that there hasn't been any decision or direction taken from this board indicating that it's the desire of this board to remove the dams.

The only decision that has been taken thus far on this subject at these board meetings is with regard to the business issue of producing power or not and it's based on the information that we have had in front of us. Just to be clear.

MR. HARMON: Okay. Thank you.

PRESIDENT KILBOURN: Yeah, and the discussion --

MR. HARMON: Sounds great.

MR. JONES: How many generators are on line as of tonight?

GENERAL MANAGER SHEA: Two.

MR. JONES: Two. How come three of them are not running?

GENERAL MANAGER SHEA: There's still an issue with the governor on Twine Mill.  
It's --

MR. JONES: Why is the issue?

GENERAL MANAGER SHEA: What is --

MR. JONES: It's a lack of maintenance.

GENERAL MANAGER SHEA: Not necessarily. Because the maintenance has been performed, Tony. It's an over-speed issue that has yet to be determined where it's coming from.

MR. JONES: Um-hmm. Well, I see that that's one generator that's not going to produce because of lack of maintenance, I think, from what I gather. If you don't do any maintenance for 20 years, how do you expect it to -- how do you expect the generators to keep running?

GENERAL MANAGER SHEA: I've been here for 20 months, so I can't speak for the 20 years prior to us being here. We're trying to keep them safe and operational and that is the charge that I've been given. So, I can't speak for the 20 years prior to that.

MR. JONES: Okay.

PRESIDENT KILBOURN: Thank you. Yes.

MR. GYIMESI: Thank you. I'd like to build on this gentleman's comments about the environment. My wife and I bought a property along the river about eight years ago and we invested our life savings buying that property and building a house there. It's about six-and-a-half acres.

As part of that process, the state required us to go through an environmental impact study around vernal pools and on this property it was identified that there were significant vernal pools housing endangered species there. They're protecting salamanders and tree frogs. That's on the list of the State's endangered species.

If the dams are removed, these vernal pools will dry up and those actions will result in the death of these endangered species. So, I'm not sure if people are aware of that. There are significant restrictions around the destruction of vernal pools and building around them, so we had to follow all of those things when we built our home and so, I guess, I'm not sure how actions can be taken -- or actions -- restrictions can be put on consumers yet -- to protect environmental species, yet, actions can be taken that are going to destroy those same species. I would think that both parties should play by the same rules. Thank you.

MR. TEAGUE: Sean Teague.

PRESIDENT KILBOURN: We'll take one more.

MR. TEAGUE: Yeah. A couple of disconnected thoughts. Remind me again who you guys are accountable to.

PRESIDENT KILBOURN: Please proceed.

TRUSTEE CLUFF: I don't think we need to answer that, Sean. You know the answer to that.

PRESIDENT KILBOURN: Yeah, we're not going to play games with you.

TRUSTEE CLUFF: We're not -- we're not --

MR. TEAGUE: I want to make sure that things are still the same, okay?

TRUSTEE CLUFF: If you have a point, please make your point.

MR. MILDNER: I was speaking to them. Not to you.

MR. TEAGUE: No. I want to ask you a question. How do you know what the river is going to look like when the dams come down?

PRESIDENT KILBOURN: Mr. Teague.

TRUSTEE CLUFF: Mr. Teague.

PRESIDENT KILBOURN: This is an opportunity to comment to the Board. It's not to create a debate --

MR. MILDNER: Well, how do you know it's going to look like a Mudsam? How do you know that?

MR. TEAGUE: I have lived on the river for 13 years. I have seen --

MR. MILDNER: I have lived in this town for 40 years.

MR. TEAGUE: I have --

PRESIDENT KILBOURN: Gentlemen. Gentlemen.

TRUSTEE CLUFF: Mr. Teague.

PRESIDENT KILBOURN: This is not the place for this. If you guys would like to step outside and have a debate, please feel free to do so. We're trying to run a business meeting here. Thank you very much.

MR. HANSON: Ward Hanson. I just want to ask a quick question. When you said "tentative" up there, the meeting with the Board of Selectmen, have you conferred with them? Are you going to proceed or is that -- are you going to go to the next meeting and then --

PRESIDENT KILBOURN: I think I can answer part of that. First of all, over the months and years we have conferred with the Board all along, point number one. Point number two, the agenda item here is to discuss the Board's view, in light, also, of the comments that have been made tonight, about the referendum. And the Board has not yet done so. Todd, however, may have had some conversations with the management of the Town.

GENERAL MANAGER SHEA: Yup. I spoke with Barry and Barry informed me that the Board has been invited. This board hasn't discussed this yet, Ward. So, the tentative January meeting is the 27th. That's where the regular meeting would fall. The Board hasn't discussed the invitation by the Board of Selectmen yet.

MR. HANSON: Thank you.

MR. KOLFF: Todd?

GENERAL MANAGER SHEA: Yes.

MR. KOLFF: Did he discuss whether or not the two boards could meet on January 17th?

GENERAL MANAGER SHEA: Barry did discuss that with me, yes.

MR. KOLFF: Is that part of this --

GENERAL MANAGER SHEA: That will be part of the --

PRESIDENT KILBOURN: Yes, he did.

GENERAL MANAGER SHEA: -- conversation in Item 6, yes. Because I haven't met with the Board since the election.

MR. KOLFF: Thank you.

PRESIDENT KILBOURN: Thanks for your comments and for coming. And, again, I urge you all to, please, remember that we do live in a small community and I know that there are strong emotions about this on many sides. There's not even two sides. There's, unfortunately, many sides. And, please, you know, let's try and remember that after this problem is solved in whatever best way we can solve it, we're all still going to be living here, so I realize that we may not always disagree, but the best we can do civilly would be very helpful and, certainly, in these meetings we're going to insist on it.

--

*(Verbatim portion of the meeting concluded at 6:27 p.m.)*

--

Whereupon, Item IV, Board Review and Approve 10/25/16 Meeting Minutes, occurred. Vice-President Berry stated that Mr. Bob Georgitis was the first unidentified male speaker within the minutes of October 25, 2016. Trustee Cluff noted that there was one mention of Trustee Duffy within the minutes.

Whereupon, with the corrections noted, Trustee Cluff made the motion to accept the October 25, 2016 meeting minutes. It was seconded by Vice-President Berry.

Whereupon, with unanimous ayes heard, the motion passes and the October 25, 2016 meeting minutes were accepted.

Whereupon, Item V, Board Review October Financials, occurred. Business Manager Rancourt took the floor. Delivery revenues are higher this year over last due to the rate and minimum monthly charge increase. Other revenues are fairly consistent. The dam re-licensing expenses are lower this year over last as no expenses were incurred during the month of October. Last year during the same timeframe Wright-Pierce expenses were incurred.

Delinquent accounts were then briefly discussed. General Manager Shea added that cash-on-hand began at 19 days and is now at 25 days.

Vice-President Berry then asked for clarification on the status of the District if hydro activity, bond, depreciation and re-licensing expenses were removed from the calculations, stating

that the District appears to be behind. General Manager Shea stated that the District is behind and that the records will continue to be kept in this fashion to avoid past issues.

Trustee Bartilucci then asked if the District was to produce more electricity, would that bring the District further ahead. General Manager Shea stated that at some point the District would be further ahead or less behind. President Kilbourn added that ground would be gained.

Whereupon, Item VI, Board Discussion of Town of Kennebunk Non Biding Referendum Results Regarding KLPD and its facilities, occurred. General Manager Shea took the floor. He read the questions. He advised those present that the results were as follows:

Question 4: 5,061 ayes; 2,261 nays; 334 blank; total of 7,656 votes.

Question 5: 5,318 ayes; 2,048 nays; 298 blank; total of 7,656 votes.

Question 6: 5,852 ayes; 1,493 nays; 311 blank.

President Kilbourn stated that in light of the results and the recent meeting of the Board of Selectmen of Kennebunk, and the verbal invitation received by the District from the Board of Selectmen to have a joint meeting on January 17, 2017, a discussion should occur. He reminded those present that there are two major issues facing this board. The first being a business decision that needs to be made by this board in line with its charter and in respect of its ratepayers in four different towns of what will be done in regard to producing hydropower now and in the future. The second issue, according to President Kilbourn, is the Board's decision to discontinue power production at the end of the license period and to not reinstitute the license for power.

President Kilbourn reminded those present again that no decision has been made in regard to the future of the dams. He feels that there are many aspects of the dams themselves that go beyond hydropower and it has been reflected within comments received from all sides of the issue. The aspects include, but are not limited to, ecology, esthetic value, recreation and property values. President Kilbourn discussed the variances between the town of Kennebunk and the other communities that the District serves. President Kilbourn welcomes community conversation.

Whereupon, President Kilbourn made a motion to accept the Kennebunk Board of Selectmen's invitation for a joint board meeting to be held January 17, 2017, at the Kennebunk Town Hall, with a tentative time of commencement of 7:00 p.m. The motion was seconded by Trustee Bartilucci.

A discussion occurred between the Board members in regard to format, exchanging information, the idea of the meeting being strictly a workshop, et cetera. Vice-President Berry clarified that the joint meeting would be two separate boards having their own meetings together. Trustee Cluff added that as it is an official KLPD meeting, decisions and votes could be taken if the Board felt it to be warranted.

Trustee Cluff added that he has attended three meetings that have been held with the Kennebunk Board of Selectmen. Although both boards have changed during that time, there have been open meetings and closed meetings with the Board of Selectmen. The Board of Selectmen have been kept informed about the process that KLPD has been going through in regard to the dam issue. The Board of Selectmen have been provided all of the information that has been received by KLPD. Executive session meetings have occurred in which numbers and reports were shared with the Board of Selectmen. Trustee Cluff added that the KLPD Board of Trustees has been working with the Town hand in hand as it has moved through the process.

Trustee Cluff added that he takes the vote very seriously. He disagrees with the methodology, numbers not being provided, but believes that the voters have spoken. He believes that the voters will have a say in the future as the amount of money that is going to be spent is going to have to go back to the voters and the voters will inevitably decide the pathway.

Trustee Cluff is concerned that there is a chance that the KLPD trustees could be starting on a path that is bringing them backwards and could delay the timeline. Although he is open to a meeting and a discussion with the Kennebunk Board of Trustees, he is ready to hand the issue over to the town.

Trustee Cluff discussed the mission of KLPD. He discussed upcoming issues that need to be addressed. He discussed the substations, power relocation, and the possibility of a solar farm. Trustee Cluff feels that a long term cooperative with the Kennebunk Board of Selectmen could hamper those upcoming issues. He discussed the impact of significant investment into the dams and his concern of the District continuing to generate electricity. He feels that if the Town wants to take the generation over, then they should be able to make that decision. Trustee Cluff feels that KLPD should not continue to lose the ratepayers money to run the dams any longer.

Trustee Cluff then discussed the upcoming budget in which a loss is projected. The loss is not only for the dams, stated Trustee Cluff, but as a whole. Any money lost off of the dams, per Trustee Cluff, will only make the status of the budget worse. He discussed the District losing money and the impact on the District's rates and the impact on the ratepayers.

Trustee Cluff would like to have a joint meeting, an open discussion, and would entertain an offer of selling the assets to the Town for a dollar. If the Town wants to continue to generate electricity, then the District would assist them, at a cost, to ensure that the District is not losing money.

Trustee Cluff concluded with stating that the public has spoken. The public wants the Town involved. The Town, therefore, is getting involved, but Trustee Cluff feels that this board does not have the time and needs to move forward and take care of the other issues at hand.

Vice-President Berry asked Trustee Cluff if his statement was to project the talking points that he would like to bring up at the joint meeting and do not have anything to do with the vote currently on the floor. Trustee Cluff stated that Vice-President Berry was correct and that he is in favor of going to the meeting. He would like to see this board take a timeline in which the process will continue until another vote can be taken, perhaps 90 days from the joint meeting, but he doesn't want to see it go further than the next general election. Trustee Cluff stated that a Town vote would be needed if the District were to sell their assets, and the Town would need to go to a vote to purchase KLPD's assets. He stated that the March, 2017 filing can still occur, and could occur jointly with the Town. He continued further to state that the filing can be amended.

Vice-President Berry then asked if either or both boards should have legal or professional representation at the joint meeting to discuss and define the timeline. General Manager Shea then briefly discussed the charters. Vice-President Berry stated that the time has decreased significantly since the last time a meeting occurred with the Town, hence impacting the timeline.

Vice-President Berry added that the vote clearly indicates that this is a community wide issue and not just a District issue and that the people would like to see more consideration of the dams, but the issues need to be separated between electrical generation and the physical dams themselves. Vice-President Berry is in favor of having a joint meeting with the Board of Selectmen

and he hopes that both sides will come away from the meeting with a better understanding of the issue.

Trustee Cluff interjected that he feels that the Board of Selectmen will have to look at all aspects of the issue. Trustee Cluff feels that all the work, points of view, and interest received from all the entities that this board has done and received is not going to change. He discussed the FERC process briefly and the District's mission to provide cost effective and reliable electricity to its ratepayers. He discussed about the impact of two boards working jointly and the issues that could arise. Trustee Cluff feels that passing the reigns over to the Town, as it is a community issue, should be considered.

President Kilbourn then discussed the role that KLPD could play and the relationship that could be fostered if the Town was to decide to generate electricity. He agrees with Trustee Cluff's remarks that there is a community issue and a business issue. President Kilbourn is looking to the Town to come before the KLPD Board of Trustees with a proposal that can be included within the filing.

Vice-President Berry then discussed legal issues further, Power Purchase Agreements (PPA), and various other issues. Vice-President Berry discussed the timeline, re-licensing issues, and other issues facing the District. He discussed transmission and distribution further along with the time that would be required of General Manager Shea to get the Board of Selectmen and the Kennebunk Town Manager up to speed.

President Kilbourn then discussed the filing deadline dates with General Manager Shea. He stated that all the legal opinions, engineering reports, operational reports and the ongoing data would be forwarded to the Town for their review.

Vice-President Berry then discussed KLPD's management team and their focus needing to be on the other issues facing the District. He also feels that the Board of Selectmen need to understand the intricacy of the transparency that the public expects. He stated that KLPD has worked both diligently and hard to provide transparency to the public. The information that the Town will get from KLPD is only a part of what will be needed to be provided to the community. He believes that ownership costs, maintenance costs, et cetera will need to be part of the discussion. He discussed the abutters of the river and ownership development and refinement.

Trustee Cluff added that he feels that some type of preliminary agreement should be able to be reached prior to the March, 2017 filing. He stated that the preliminary agreement can then be defined within the filing. For example, KLPD is in the process of transferring the license and/or assets to the Town of Kennebunk. He discussed further the upcoming budget, the loss of \$116,000 year-to-date from the dams in regard to lost generation due to the drought, additional expenses and other issues. He discussed future production and the conservativeness of the budget figures which are based on the District's performance over the last several years. Trustee Cluff is not in favor of continuing production of the dams beyond today based on the loss of income and the impact it has on the ratepayers. He is, however, willing to continue to generate if the transfer is to take place between the Town and KLPD. If the Town decides that they do not want to take over the dams, then Trustee Cluff will vote to cease operation immediately at the next vote.

Vice-President Berry reviewed the major talking points, reiterating that time is of the essence. He discussed a public vote and the March, 2017 deadline. General Manager Shea briefly discussed the Town's charter. He discussed the filing to FERC and the fact that there is no guarantee that FERC will permit the dams to stay. He discussed the monetary concerns on the

infrastructure if the license was to be extended for forty years. He discussed the Wright-Pierce report, the non-jurisdiction argument, and the lack of exemptions available. He will commit the time necessary to transfer his knowledge to the Town's representative. He again advised those present that he has not and will not lean one way or the other in regard to the fate of the dams. He has been tasked with accumulating the data and advising the Board and the public of that data. He reiterated the fact that there are no guarantees that FERC will agree with the final decision made by the Town or KLPD. He stated that he has put forth his best effort to bring forward all possible data and information in regard to the dams during his tenure. He discussed the idea of having a study conducted to realize the net head of the river and the maximization of every kilowatt hour that exists in the river. The study would have cost between \$40,000 and \$60,000 with a margin of error of approximately 25%. He stated that KLPD could spend endless amounts of money in an effort to justify every possible action but that the exercise would prove to be in vain. General Manager Shea advised those present of the daily efforts put forth by Wayne Condon in regard to the facilities. He discussed hearsay and the lack of validity within the remarks that he has heard both directly and through others.

President Kilbourn discussed time being of the essence. He discussed the inability of the Board knowing the outcome of FERC's decision, regulatory agencies, and intervenors, participants, partners, and collaborators. Although a direction could be agreed upon by the two boards, the actual details could take much longer. KLPD can still decide whether or not to continue generating and he suggested that this be discussed more fully at a future Board meeting. Trustee Cluff added that due to the fact that the voters have spoken and stated that they want generation to continue, he is willing to hold off briefly. He stated again that he does not like seeing the loss of money and the impact that it has on the ratepayers.

Trustee Bartilucci asked whether the meeting could be moved to December. The Board advised Trustee Bartilucci that it was voted upon by the Board to cancel the December meeting.

Whereupon, with no further discussion on the matter, President Kilbourn asked if the Board is prepared to vote on accepting the Kennebunk Board of Selectmen's invitation for a joint board meeting to be held January 17, 2017, at the Kennebunk Town Hall, with a tentative time of commencement of 7:00 p.m.

Whereupon, with unanimous ayes heard, the motion passes.

President Kilbourn would like a joint plan on how the meeting will proceed, the availability of additional rooms if separate executive sessions are required, and what kind of information might be needed from or to both boards. Trustee Cluff asked if others on the Board had input as to the direction this board should be going in. Vice-President Berry would like to hear from the Board of Selectmen first. President Kilbourn reiterated his feelings in regard to both the business and community aspects of the issue. With no other remarks from the other Board members, Trustee Cluff restated that based upon the outcome of the joint meeting, that he intends to make a motion to stop generating power.

President Kilbourn asked that management put together a punch list if the District was to stop generating electricity and what would the approach be. He would also like to see the addition of an agenda item for the December 6, 2016 meeting in regard to the procedures for the joint meeting.

Whereupon, Item VII, Board Direction on Line of Credit From Camden National, occurred. Business Manager Rancourt took the floor and informed the Board that a rate of prime

minus .55 percent has been negotiated. Prime rate currently is at 3.5, meaning that KLPD's rate would be 2.95. LIBOR to prime was discussed. The Board applauded Business Manager Rancourt for his efforts.

Vice-President Berry asked if the use of funds were designated under particular terms. Business Manager Rancourt stated that there is flexibility available and if funds were to be used for capital purposes, a product is available to convert the funds used from the line of credit into a term loan. The structure of repayment on the line of credit was then discussed. It was noted by General Manager Shea that the line of credit has been established strictly for the use of a catastrophic event. It will not be used for the bridging of a cash gap. After further discussion, it was decided upon that there will be an administration policy drafted by General Manager Shea. President Kilbourn would like to see a policy and what charges and fees are involved. Business Manager Rancourt stated that there are no fees.

Whereupon, President Kilbourn made a motion to commend Business Manager Rancourt for his efforts and to authorize management to apply for and obtain the line of credit from Camden National pursuant to the terms presented to the Board at tonight's meeting, with the inclusion of a policy to be provided prior to the use of funds from the line of credit. The motion was seconded by Trustee Cluff.

Whereupon, with unanimous ayes heard, the motion passes.

Whereupon, Item VIII, Board Consideration of Approval of Make Up Rate Increase for Energy Costs, occurred. Business Manager Rancourt took the floor to discuss the make up rate increase for energy costs. A \$203,000 shortfall has accumulated. The schedule to increase the rate for power was discussed. For a twelve month duration, the monthly average increase would equal an increase of \$1.31 for residential accounts. General Service accounts would be \$2.21. Industrial customers would see an increase of approximately \$613.00. Business Manager Rancourt stated that reassessment will be required but that the math will be whole and even. The sinking fund was then discussed. Deficit spending, energy costs and other issues were then discussed.

President Kilbourn feels that the rate increase is significant. Prior management practices and legacy issues were then briefly discussed by President Kilbourn. He does support the 12 month plan. Vice-President Berry asked if ongoing annual modifications will be necessary. Business Manager Rancourt believes that it will be ongoing. Vice-President Berry would like to see an 18 month plan initiated with a feathering approach to be used via annual modifications. Business Manager Rancourt discussed industrial customers and the impact that an increase could have. The Board discussed the making up of the deficit. Vice-President Berry remarked of how well General Manager Shea and Business Manager Rancourt have performed.

Whereupon, Trustee Cluff made a motion to approve the make up rate increase for energy costs over eighteen months with review at the twelfth month. Vice-President Berry seconded the motion.

Whereupon, with unanimous ayes heard, the motion passes.

(Thereupon, a short recess occurred at 7:40 p.m.)

(Whereupon, the Board meeting resumed at 7:44 p.m.)

Whereupon, Item IX, Board Review and Discussion of 2017 District Operating Budget, occurred. Business Manager Rancourt took the floor. Two changes occurred on the summary report. The first being a change to the first line in which the rate is reflected as .82809. The increase in the rate should be listed as .080256. Kilowatt hour sales were changed from .79 to .0079. The changes were typographical errors. An increase in delivery revenues are reflected as \$58,050 due to the delivery rate raise of .002479 and the increase in the minimum charge by \$0.48. Hydro revenue is expected to increase to \$77,000.

Expenses were then discussed. Salaries have been budgeted at an increase of three percent across the board and an additional \$7,276 allocated for the return of the retiring engineer for training purposes of his successor. 200 hours have been allocated for the training.

Health Insurance rates have increased by 9.25 percent. The increase is listed as \$25,992. Employer contributions to PERS will increase July 1, 2017 by .3 percent, but as the increase will occur half way through KLPD's fiscal year, the District will experience only .15 of that increase. The rate is going from 9.5 to 9.8 percent. The employee contribution will remain 8 percent.

Business Manager Rancourt proposes that another year pass without accumulating an allowance for bad debt. Currently the balance is \$80,900. The current write off is \$31,549. The bad debt allowance will then be at \$49,000. In 2015 the write offs were \$16,000. The write offs this year are higher due to the two legacy issues that are to be written off.

Business Manager Rancourt stated that \$20,000 has been added to the budget to hire a consultant to do a depreciation and capital asset study. \$25,000 has been budgeted for an arc flash safety study. Hydro maintenance expenses were budgeted for based on the averages of the past three years. Hydro re-licensing expenses have not been included within the budget.

The arc study was then discussed. The Department of Labor does not perform the study. Per General Manager Shea due to new OSHA regulations, there is a requirement that arc flash studies be done by each utility. The reason for the studies is to ensure the safety of the line workers. Fire retardant clothing was discussed. The monthly testing of gloves, sleeves, blankets, and the annual testing of switch sticks and booms on the bucket trucks were explained by General Manager Shea. This is a one-time study that will not need to be done again unless OSHA changes the rules. Vice-President Berry then discussed the Hendrix line and higher voltages. General Manager Shea will review and report back on the arc voltage. In response to Trustee Bartilucci's question of the length of the study, General Manager Shea stated that it will take a couple of months. He then explained how the testing works based on a single line diagram. Three quotes have been received.

President Kilbourn asked what the rate of the health insurance premiums is at. General Manager Shea stated that the rate is 9.25. He stated that several municipal entities have voiced displeasure over the increase. General Manager Shea stated that both he and Business Manager Rancourt are reviewing different ways of approaching the benefits issue. The benefits are quite expensive to the District, but major changes could drive employees away. Trustee Cluff would like to discuss benefits in executive session. The Board agreed. Trustee Bartilucci asked what percentage the employees pay. General Manager Shea stated that employees pay ten percent of the premium. President Kilbourn asked if the salary increase was to be 3 percent for each employee. General Manager Shea stated that there will be both baseline increases and merit based increases, as warranted, afforded to employees.

Revenue figures were then discussed. Year-end estimations were included. Energy, RNS, transmission and delivery figures were discussed. Cable rental was discussed. Business Manager

Rancourt stated that interest income will decrease as the CD was cashed in. Operating income was discussed.

Hydro and Photovoltaic production were then discussed at length. President Kilbourn then discussed the gross credit number and the net cost to the District. He asked if the figures reflected are net or gross. Business Manager Rancourt stated that the figures are net. Net metering was then discussed further by the Board.

RNS was then discussed by Vice-President Berry. Power surplus was discussed. The estimated actual will appear on the balance sheet.

Expenses were then discussed by Business Manager Rancourt. General plant operations were discussed. Non recurring automotive expenses/repairs were discussed. Customer accounting and administration costs were then discussed. Employee allocation was then discussed. The depreciation study was discussed. Engineering fees, health, retirement, legal expenses, the flash study, and the administrative parts of salary increases were discussed.

The variances and changes in the methodology between prior and current staff's accounting practices were discussed. President Kilbourn asked for clarification of employee classifications and allocations. The positions, dispositions, and allocations of the District's employees were then discussed. Dam re-licensing was discussed along with legal and consulting fees.

General Manager Shea addressed the Board to state that the budget is a gross budget not a line item budget. The bottom line deficit of \$24,879 was then discussed in conjunction with depreciation. Depreciable assets were discussed further by Trustee Bartilucci, Vice-President Berry and General Manager Shea. The PUC's governances along with the charter provisions were then discussed.

The conservativeness of the budget figures were discussed by General Manager Shea and the Board. The \$24,879 loss was discussed further by the Board. Vice-President Berry reminded those present that the budget has been based on historical trends. The budget is a realistic view of the projected costs. The assessment of fees were then discussed and the Board would like to review those in the future. Vice-President Berry then discussed the District's bonds. General Manager Shea stated that the refining of figures will continue by both himself and Business Manager Rancourt prior to the next budget meeting.

Personnel expenses were then discussed by Business Manager Rancourt. Health plan options available to the District's employees were then explained to the Board by Business Manager Rancourt. The POS(c) plan was discussed. Business Manager Rancourt then discussed flexible spending accounts, PPO plans and deductibles. HRAs were then discussed along with Business Manager Rancourt suggesting that for 2018 perhaps the Board should consider moving down from the top level plans down to the next layer of plans available.

Due to the hour, it was decided by the Board that the employee benefit portion of the meeting will continue at the December 6, 2016 meeting.

Hydro generation was then discussed by General Manager Shea. In 2015, approximately 937,000 kilowatt hours were generated. Currently, the year-to-date approximation is \$546,000 kilowatt hours that have been generated. The decrease is due primarily because of the ongoing drought. It has been budgeted on based upon the average generation between 2010 and 2015. That average is 1.3 million. The budgeted figure is very conservative per General Manager Shea. He then further explained his reasons for the conservativeness. Generation was then discussed, cost

of production, and fixed expenses were then discussed. Vice-President Berry would like to discuss at the December 6, 2016 meeting Trustee Cluff's comments in regard to ceasing production and the fixed expenses associated with that.

Depreciation was revisited by Trustee Bartilucci. The historical costs and lifespan of the hydros were discussed by Business Manager Rancourt. Trustee Bartilucci and Vice-President Berry then discussed the lack of the District currently having a depreciation schedule. Fixed costs and operating costs were then discussed further in regard to if the decision was to be made to cease production.

Whereupon, Item X, General Manager's Report, occurred as follows:

A. Address Past Meeting Board Requests: All items have been tackled.

B. Outages/Complaints were discussed. Thanksgiving Day outages were discussed. Squirrels have been an issue throughout the District and have caused several outages. A tractor trailer accident occurred and a car pole accident on the corner of Warren's Way and Alewife Road occurred, as well.

C. Standard offer awards were briefly discussed.

D. Predatory practices of Electricity Maine were briefly discussed by General Manager Shea.

E. Net metering and legislative actions were then briefly discussed.

F. The substation project was brought up by Clerk Emmons. General Manager Shea stated that staff is working on the project so that accurate estimates can be obtained.

G. The time line of the capital budget was briefly discussed. General Manager Shea hopes that by the end of the first quarter of 2017 the capital budget should be near completion.

H. A rough list of the items that are being considered for the capital budget has been requested by Vice-President Berry for the December 6, 2016 meeting; General Manager Shea will comply.

(Thereupon, members of the general public left the meeting at 8:58 p.m.)

Whereupon, Item XI, Executive Session Pursuant to 1 MRSA 405.6 (c) To Discuss a Personnel Matter, occurred.

Trustee Cluff then made a motion to move into Executive Session pursuant to 1 MRSA 405.6 (C), to discuss a personnel matter. It was seconded by Trustee Emmons.

Whereupon, with unanimous ayes heard, the Board moved into Executive Session at 9:00 p.m. pursuant to 1 MRSA 405.6 (C) to discuss a personnel matter.

- - -

*Executive Session*

- - -

Whereupon, the Board came out of Executive Session at 9:24 p.m.

There being no additional business of the District discussed by the Board, President Kilbourn motioned for adjournment. It was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the meeting adjourned at 9:30 p.m.

Attest: \_\_\_\_\_  
Bob Emmons, Clerk