

KENNEBUNK LIGHT & POWER DISTRICT
COUNTY OF YORK
STATE OF MAINE

- - -

BOARD OF TRUSTEES MEETING MINUTES

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KENNEBUNK LIGHT & POWER DISTRICT
4 FACTORY PASTURE LANE
KENNEBUNK, ME 04043
TUESDAY, JANUARY 30, 2018
5:00 p.m.

- - -

BOARD MEMBERS:

PRESIDENT: JONATHAN KILBOURN - (PRESENT)

VICE-PRESIDENT: - DAVID CLUFF - (PRESENT)

GENERAL MANAGER/TREASURER: TODD SHEA - (PRESENT)

CLERK: ROBERT EMMONS - (PRESENT)

TRUSTEE: DAN BARTILUCCI - (PRESENT)

TRUSTEE: BRADLEY "SCOTT" DUCHARME - (NOT PRESENT)

ALSO PRESENT:

Beverly Freudenreich, Kennebunk

Charles Tucker, Kennebunk

Peter Ashley, Cape Neddick

Wayne Berry, Kennebunk

Bob Wuerthner, Kennebunk

Matthew Rancourt, Business Manager

ALSO PRESENT (continued)

Matthew Rancourt, Business Manager

Kathleen DeMarre, Recording Secretary

(Other members of the public may have been present but not identified.)

APPEARANCES:

PRETI FLAHERTY
BY: TODD GRISET
One City Center
Portland, Me 04101

THE FINANCIAL ENGINEERING COMPANY
BY: MICHAEL D. HUBBARD
235 Rockland Street
Rockport, ME 04856

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 5:00 p.m.

Whereupon, after Attorney Griset was welcomed, the Board moved directly into Executive Session pursuant to 1 MRSA 405.6 (E) to discuss FERC related legal matters.

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Executive Session

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(Thereupon, the Board came out of Executive Session at 6:02 p.m.)

Whereupon, Item III, Review Regular Meeting Agenda, occurred. It was decided upon that Item XII, Executive Session Pursuant to 1 MRSA 405.6 (A) for GM Annual Review, will be moved to the final item of the evening.

Whereupon, Item IV, Board Review and Approve 12/12/17 Meeting Minutes, occurred. Trustee Bartilucci took the floor and read from a document as follows: Page 1981, Section B, Item III, "Trustee Bartilucci is concerned that he did not receive the important letter from America First Hydro (AFH) that was requesting FERC to explore KLPD's financial responsibilities towards dam decommissioning". He continued further in which he would like the verbatim portion of the December 12, 2017 meeting starting at Page 1984, to be altered, with verbatim discussion deleted and removed from the record and items not said to be added to the verbatim portion of the record. Trustee Bartilucci read from a prepared document the deletions and removals he would like represented.

General Manager Shea asked specifically if the items Trustee Bartilucci are requesting to be changed were actually said. Trustee Bartilucci stated: "Yes, basically." President Kilbourn requested Trustee Bartilucci to forward the document on to General Manager Shea for review with the audio recording.

With the amendments in mind, President Kilbourn asked for a motion. Trustee Bartilucci made the motion. Clerk Emmons seconded the motion.

Thereupon, with unanimous ayes heard, the minutes of December 12, 2017 were accepted.

Whereupon, Item V, Mike Hubbard of Financial Engineering Company took the floor. General Manager Shea introduced Mr. Hubbard and advised those present that Mr. Hubbard was tasked with reviewing KLPD's financials pertaining to a rate case that is being pursued by the District. Expenses and revenues were taken into consideration to create a rate structure that varies the rate from residential through industrial customers. General Manager Shea provided the Board the documents that Mr. Hubbard will explain further to the Board.

Mr. Hubbard then took the floor, described his professional background and the process that is used for creating a rate structure. He stated that rate structures vary by utility, but that the rates are set such that the "cost causer" is the "cost payer". He discussed rates that vary by customer class and fixed and variable costs. Mr. Hubbard explained that it costs more to provide

service to a large customer than it does to a small customer and the rates should reflect that differential. Mr. Hubbard's review, at this point in time, is only the monthly charges assessed to the customer base. Services drops were then discussed by Mr. Hubbard and Vice-President Cluff.

Fixed costs, charges, and infrastructure were discussed further by Mr. Hubbard. Vice-President Cluff stated that in review of the document, the fixed costs represented maintains the infrastructure versus growing the infrastructure. Mr. Hubbard added that along with maintaining the infrastructure, it reflects the depreciation of infrastructure, as depreciation needs to be funded. President Kilbourn added that currently the fixed costs are captured in the monthly charge and the approximately two cent per kilowatt hour charged to the customer based upon their usage. Mr. Hubbard advised the Board that he is recommending a more equitable structure.

Mr. Hubbard then discussed energy charge impacts based on the various types of customers. He also discussed and explained demand charges to the Board. Graduated rates for industrial customers were also touched upon. Usage patterns of the various types of customers were also discussed. President Kilbourn would like to see an alignment of incentives in a positive direction over the various customer classes and he would prefer not to create rates that incentivize the inefficient use of electricity. He likes the idea of demand charges to permit the customer to change their consumption patterns. Seasonal customers were discussed briefly. Mr. Hubbard discussed further the variances in generation by industry.

Attachment 2(A) was then discussed. Mr. Hubbard advised those present that the 2016 audited figures and the 2017 preliminary figures were reviewed and that the non delivery charges were removed from the equation to come up with the net 2017 figures of what the recoverable costs from the T&D rates are. Adjustments are then made to the rates via regulated standards for known and measurable items. This leaves the expenses that rates will need to be placed upon to recover those expenses. Revenue requirements were then discussed. KLPD, in 2016, was at less than five percent, with 2017 standing at approximately ten percent. The maximum amount allowed under Commission Rules is 25 percent.

Attachment 2(B) explains the adjustments noted to Attachment 2(A). Mr. Hubbard advised that revenues have been adjusted by the new proposed minimum charges as follows:

Residential - from \$3.99 to \$6.00;

Commercial - from \$3.99 to \$13.50;

Industrial - from \$3.99 to \$50.00.

Attachment 3 reflects energy sales and the number of customers over several years. 2017 compared to 2016 reflects an increase of 500,000 kilowatt hours. Mr. Hubbard discussed monthly usage patterns and he noted that usage for commercial customers has dropped from approximately 3,200 kilowatt hours per month to approximately 2,700 kilowatt hours. Industrial usage has also decreased.

Attachment 4 is a bill impact study which reflects the increases to the minimum charges as follows:

Residential - \$2.01 per month increase;

Commercial - \$9.51 per month increase;

Industrial - \$46.01 per month increase.

Attachment 5 is a cost of service study. This study is solely focused on customer related costs; demand and energy related costs are not part of this study. Page 2 of the attachment reflects the rates in dollars per month and is the allocation of the three classes; residential, commercial and industrial. Based on this high level study, the approximate cost of service increases would be as follows:

Residential - \$13.35 - proposed is \$6.00

Commercial - \$14.70 - proposed is \$13.50

Industrial - \$47.18 - proposed is \$50.00

Mr. Hubbard stated that the methodology for a thorough evaluation entails a multistep process in which expenses are defined as demand, energy or customer related. Demand related expenses are sorted by coincident peak or non coincident peak and then further by class of service. The classification of all other expenses also needs to occur and then allocated to the various classes of service. Energy related classified expenses are allocated to each class based on their respective use of energy. Customer related classified expenses are allocated to each customer class based upon the number of customers within each class. Demand related classified expenses are allocated to each class based upon their perspective contribution to coincident peak and non coincident peak.

Mr. Hubbard noted that the NARUC (National Association of Regulatory Utility Commissioners) manual is used to identify and allocate the various costs. He further went on to explain that this type of study is a very complex, time consuming and involved process.

Mr. Hubbard then discussed solar upon President Kilbourn's request. He noted that usage drops for solar customers but service is still provided, which are fixed costs for the utility. He stated that the low customer charge with a high energy charge of the solar participants is then shifted to all non solar customers. President Kilbourn noted that the District's experience has been that any surplus power that is coming back into the system from solar customers is being used by other customers, so the purchase is offset. Second, customers who are shifting to solar appear to also be putting in heat pump technology and are reducing their carbon footprint and energy costs. Third, many are expecting that electric energy costs will continue to rise as vehicles and heat become more electric as the moving away from fossil fuel occurs.

There is also a review of other consumer owned utilities within the region included in Mr. Hubbard's packet to the Board. The compilation of the data is for CMP, Fox, and Ashland.

The process, per Mr. Hubbard, will center around a public hearing. The steps that need to be followed are:

1. At least 30 days prior to meeting:

A. The Commission must be notified of the proposed rates and of the public meeting;

B. A letter to ratepayers regarding the proposed rate change and of the public meeting must be mailed;

C. A notice of the proposed rate increase and of the public meeting must be published in two local newspapers.

2. The public meeting occurs.

3. After the public hearing:

A. The public has ten days to challenge the rate increase;

B. After the ten days, a synopsis of those challenges need to be provided to the Commission;

C. After 30 days, (40 days from the date of the public hearing), the rates can go into effect.

Mr. Hubbard discussed the percentage of challenges by customers and the impact on the proposed rate increase. Depreciation was then discussed along with the net margin being reviewed by Mr. Hubbard.

Adjustments to rates, long-term versus short-term, were discussed by Mr. Hubbard. He reminded the Board that the 2016 rate increase was based on the 2015 net operating loss. Vice-President Cluff advised Mr. Hubbard that the prior administration did not adjust rates as needed, which has left the District with the current financial issues. Vice-President Cluff wants to ensure that the rates are continually reviewed so as to mitigate customer impact.

Vice-President Cluff and General Manager Shea discussed delivery rate increases, future projects, the substation, other needs of the District, and bond ratings. Seasonal customers were then discussed along with disconnections and reconnections of seasonal customers. Other tariffs were then discussed. Vice-President Cluff would like to see a separate agenda item to discuss the tariffs further.

Vice-President Cluff asked President Kilbourn if the floor should be opened up to the public for their questions. President Kilbourn agreed and Ms. Freudenreich then asked for clarification in regard to the rates. It was reiterated by Mr. Hubbard that the current residential rate is \$3.99 per month and the proposed rate increase to \$6.00 per month. This would reflect a \$2.01 per month increase. Mr. Berry thanked Mr. Hubbard for including net metering and he feels that it is still an important discussion in regard to limiting the number of participants.

The public hearing date was then discussed by the Board. It was decided that the following will occur:

1. Public hearing will occur March 8, 2018, at the office of Kennebunk Light and Power, and will commence at 6:00 p.m.;

2. The notice will be published in the Post and Journal Tribune on February 6, 2018;
3. Notice to the District's customers to be postmarked February 6, 2018;
4. Notice to the Commission will be sent February 6, 2018;
3. The notice will be published in the York County Coast Star on February 8, 2018.

Thereupon, Vice-President Cluff made a motion to accept the increase to the minimum charge as presented to the Board by Mr. Hubbard and Staff to be as follows:

Residential fee from \$3.99 to \$6.00 per month;

Commercial fee from \$3.99 to \$13.50 per month;

Industrial fee from \$3.99 to \$50.00 per month.

The motion was seconded by President Kilbourn.

Thereupon, with no further discussion and with unanimous ayes heard, the motion passes.

(Whereupon, Mr. Hubbard left the meeting and a brief recess occurred at 7:16 p.m.)

Whereupon, Item VI, Board Review November 2017 District Financials, occurred. Business Manager Rancourt took the floor and asked the Board for any questions as he had no notes to review for the November financials. Trustee Bartilucci asked if the 31 days cash-on-hand included the bonds. Business Manager Rancourt stated that the graph reflects both with the bond and without; 31 to 40 days respectively.

Whereupon, Item VII, Board Approval of Management Recommendations on Energy conservation Rate Adjustment and Item VIII, Board Approval of Management Recommendations on RNS, LNS and Energy Rate Adjustments, occurred. General Manager Shea took the floor and stated that Items VII and VIII will be joined. The shift of deduction in the Energy Conservation rate has been done. The report reflects total collection retention at \$566,210.32. By reorganizing the rates, the Energy Conservation rate went from .005518 to .000477 and was redistributed through the different categories.

Business Manager Rancourt stated that transmission costs from CMP have increased. Fixed costs have increased from .003 in 2016 to .005 in 2017. By shifting the Energy Conservation to the other lines, it will permit the District to collect \$121,000 if sales targets are met. Within three years it is anticipated that the District would be even in collecting what is paid by the District to the Energy Conservation program. At that point, rates need to be neutral and will be adjusted accordingly. The goal is to be in a neutral state within approximately three-and-a-half years. General Manager Shea would like the Energy Conservation Assessment rate to be revisited annually.

Whereupon, Vice-President Cluff made a motion to accept the recommendations of management on Items VII and VIII as proposed by management. The motion was seconded by Trustee Bartilucci.

Thereupon, with no further discussion and with unanimous ayes heard, the motion passes.

Whereupon, IX, Board Approval of Management Recommendation for 2017 Write Off accounts, occurred. General Manager Shea stated that the write off amount will total \$9,298.50. Business Manager Rancourt added the items being written off are for 2016 and 2017. He added that the write off amount for 2016 was at approximately \$14,000. He stated that there is an adequate reserve for bad debt for 2018 and is not an incurred expense for the 2018 budget and he continued by stating that it has not been for the past three consecutive years. It was noted that all items being written off have been placed with the District's collection agency.

Whereupon, Vice-President Cluff made the motion to accept the 2017 bad debt write offs in the amount of \$9,298.50 as presented by Staff along with sending along a "big thank you" to Staff for a job well done. The motion was seconded by Clerk Emmons.

Thereupon, with unanimous ayes heard, the motion passes.

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

A. Past Board Meeting Requests.

1. Items by Trustee Ducharme will be addressed after General Manager Shea and Trustee Ducharme have had time to discuss them further.

2. Drop box being updated promptly is being addressed and will not be an issue moving forward.

3. In-house binder has been compiled.

4. A file within the drop box has been created to reflect all FERC filings pertaining to KLPD and AFH projects.

5. President Kilbourn's request for the strategic plan is in process.

6. Capital expense budget review is still in process.

7. Asplundh Tree Trimming has been awarded the Tree Trimming Bid.

B. Asplundh Tree Trimming Bid Award and Timeline was discussed. A notification e-mail has been sent and the newspapers have been informed. After Asplundh begins the cutting, General Manager Shea would like the Board to go out and see what the actual clearances are per the specs. General Manager Shea stated that Asplundh is innovative, professional, and they were the lowest bidder on the project. They came in within budget, which was \$201,000, per General Manager Shea, and that the production will be exceptional, and is costing the District \$20,000 more than operations with two crew members, and will have between ten to fifteen miles more in production per year.

C. FEMA Public Assistance Process, occurred. York County does qualify for disaster relief for the October 30, 2017 storm. KLPD has been prequalified as an eligible public service entity for a public assistance grant. KLPD has filed, per FERC guidelines, and has the ability to

potentially recoup approximately \$27,000 through the FERC process. The public assistant grant just opened and KLPD has filed.

D. RKO Audit Update to occur on February 12, 2018, with an anticipated date of late March or early April for RKO to discuss their findings with the Board. Due to the audit, there will be a delay in the monthly financials due to auditor adjustments that may be required.

E. FERC filings to Date Regarding Mousam River Project, occurred. There is now a hardcopy within the District.

F. 01/21/18 Outage Update/Substation Update, occurred. Transformer number 4 at the substation was building hydrogen. Regular routine monitoring is done and it almost doubled in one month. The subsequent oxygen levels for an incident to occur was not there, but the decision was made to take transformer number 4 out of service. Notifications began Friday morning. The outage began on Sunday morning at 12:10 and was over at 1:44 a.m. There were 52 calls within that period. People with medical needs were notified prior to the outage. A few calls came in for those not on the list. Those individuals were instructed to register with KLPD. Chief Rowe of Kennebunk Fire and Rescue went to the Southern Maine Regional Dispatch Center in Sanford and with the aid of Kevin Vezina of KLPD went road by road to verify that the calling area was the actual area that would be impacted by the outage. That information has been saved at the Southern Maine Communications Center as the Water Street Coverage Territory. Chief Rowe will do the same thing with the remainder of KLPD's territory to try to streamline these processes. Gendron Lane was the only road that did not get called. That has been corrected.

The need to determine the cause of the hydrogen buildup is occurring. The transformer has been taken offline and is not being operated currently. It went into service in 2004. The transformers at the West Kennebunk substations are circa 2006. Estimates are being gathered presently and KLPD crew are assessing the circuits that come out of the substation in an effort to consolidate circuits which will reduce wasted lines and unnecessary uses. The crew is working with SGC Engineering to come up with the recommendation for the size of a new substation, the timeline, and the cost. Engineering costs and debt structuring were then discussed by General Manager Shea.

General Manager Shea stated that there are three transformers located at the substation. Transformer number 4 is down, which leaves two transformers operating at 50 percent capacity. It was noted that transformer number 2 was decommissioned years ago. There is no overburden or stress on the system. The additional amps that have been recorded on both of the working transformers has been approximately 300 additional amps. The breakers are set to trip at 1,200 amps and they're running at approximately 600 amps per transformer. Thermal imaging is done and there is no sign of stress. The emergency contingency plan was discussed by General Manager Shea and Vice-President Cluff. The goal is to get the third transformer up and running and Crew is working with the engineers from ABB.

Vice-President Cluff thanked management and staff for doing a good job in communicating the outage to the public. He felt an excellent job by crew and staff occurred. General Manager Shea discussed the roles of the Customer Services representatives, with Ms. Amoling calling the Lifeline folks, Ms. DeMarre updating the website, sending e-mail notifications and reviewing the customer base for additional notifications. He added that crew

deals with the fire stations and the various business entities. He discussed the personal service that KLPD gives to its customers and the various needs of the customers within the District. He stated the customer service differences between KLPD and CMP. He stressed the point that during the October of 2017 storm KLPD had everyone up and running within 24 hours; with CMP having customers out of power for over a week. He added that in the recent ice storm, KLPD did not lose a single customer. CMP lost 32,000 customers in York and Cumberland counties. General Manager Shea thanked all the employees for their dedication to exemplary customer service.

G. Solar Array Progress Report, occurred. General Manager Shea plans to attend The Town of Kennebunk Planning Board meeting for the solar array that is scheduled for February 15, 2018 at 7:00 p.m. The preliminary indications are that it is going to be classified as an essential use because the power is to be sold to KLPD. DG Maine Solar has been advised that if the array is kept out of the identified wetlands, then a US Army Corps of Engineers general permit will not be required. A DEP permit for a stream crossing will be required. It is being prepared and should take two weeks for that approval. A Maine DEP storm water Chapter 500 is required. It is being prepared and should take approximately 30 days to receive approval. The Town of Kennebunk submitted for its meeting of February 15, 2018 A Maine DEP Site Law Development Approval permit and most likely will not be required based upon the initial direction from the DEP, as long as the disturbed area is less than 20 acres. A Maine DEP Tier 1 freshwater wetland permit has the same contingency as the site law permit and will not be required. The disturbed area is being determined by driven piles. Final engineering is being developed with local contractors being reached out to for the actual build of the array.

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

Public Comment Period

Verbatim Transcription

MR. BERRY: Just a question on the 15th, that would be a site plan review board meeting?

GENERAL MANAGER SHEA: That is correct.

MR. BERRY: Not a planning board meeting; does it say planning board?

GENERAL MANAGER SHEA: Well, then it's -- Site Plan Review Board. I apologize. Yes, Site Plan Review Board.

MR. BERRY: Just for the record.

GENERAL MANAGER SHEA: Yeah. Sorry about that. Thank you, Wayne.

PRESIDENT KILBOURN: Thanks, Wayne.

Other questions, comments?

MR. CHAUNCY: I wanted to bring up something about the outage. I know in the past, and maybe it's when it's Town issues, we've got that automatic call when there is some kind of emergency or whatever --

PRESIDENT KILBOURN: Yes.

MR. CHAUNCY: What happened that night, I vaguely remember coming down by Ross Road and seeing the sign. It didn't register. I got home. I woke up at about 1:15 in the morning and went to the bathroom and as I was coming back, my mother is just standing there in the dark and I said, "what are you doing"? She says, "Well, I've been standing here about fifteen minutes." And I was like, what?

Well, she has a lot of cognitive impairments, and there's a line of LED photo -- light activated lights that go on and off, so she's basically standing in the pitch dark and she already had a bad fall last month. She was lucky she didn't die, honestly. But, my point is, I did find a nice flashlight and then, what I was trying to find, was a battery powered flashlight or something that would come on. In fact, I'm still looking for one -- They had one at ACE, but it was too weak -- so -- if this situation arose again.

And so, I'm bringing this up in the sense of is there a way, you know, if I'm not familiar with this --

GENERAL MANAGER SHEA: You can have it.

MR. HANSEN: -- okay. Thanks -- Lifeline.

GENERAL MANAGER SHEA: So you plug that in.

MR. HANSEN: Yup.

GENERAL MANAGER SHEA: When power goes out, if it's set on the middle setting, I believe --

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: When the power goes out, that will come right on and it works as a flashlight and it's got --

MR. HANSEN: Power.

GENERAL MANAGER SHEA: Yes.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: But continue with what you were saying.

MR. HANSEN: So, I guess my point is or my question is, is there a way of improving communications with more people -- you know, I've got -- I'm not --

PRESIDENT KILBOURN: Are you on --

MR. HANSEN: -- I've heard of Lifeline, but I'm not familiar with it. How does that work?

GENERAL MANAGER SHEA: Well, first of all, do you have a landline phone or just a cell phone?

MR. HANSEN: She has a landline.

GENERAL MANAGER SHEA: Then --

MR. HANSEN: I have a cell phone.

GENERAL MANAGER SHEA: Okay. So, if she didn't get the call, the call went out at 6 o'clock on Saturday --

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: -- prior to the event. If she didn't get a call, please let me know, because that's what we need to add in.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: We did what we call a robo-call. So, it's initiated at dispatch, and goes out to anybody that's in our area.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: So, if she didn't get that call, please let me know that so that we can refine the call area. And I don't know how you determine that, but actually, I can check with Chief Rowe --

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: -- and see -- or my map and see if that road is on there. So, let me verify that. Does she have a medical need for power? Meaning, is she on oxygen, is she -- does she have refrigerated medications?

MR. HANSEN: No.

GENERAL MANAGER SHEA: Okay. Then, Kathleen do we -- we don't -- we don't add people to the Lifeline that don't have a medical need, do we?

MS. DE MARRE: No.

GENERAL MANAGER SHEA: We don't. Okay.

MR. HANSEN: She needs light so she can -- she had cataract surgery. She's hypersensitive to light, so she already has to keep it relatively dark.

GENERAL MANAGER SHEA: Okay. Let me --

MR. HANSEN: Relatively dark doesn't work too well.

GENERAL MANAGER SHEA: Let me do a little bit more homework for you, Ward, because --

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: -- you should have gotten a call.

MR. HANSEN: All right.

GENERAL MANAGER SHEA: Somebody should have been - at a land line. We can't call cellphones, because it just doesn't -- they don't register.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: Let me check that for you.

MR. HANSEN: I don't think I got a call.

VICE-PRESIDENT CLUFF: Do they use the Code Red? Can't you go in and add?

GENERAL MANAGER SHEA: They --

VICE-PRESIDENT CLUFF: Because I thought the Code Red --

GENERAL MANAGER SHEA: No. They didn't use a Code Red. They used Southern Maine Dispatch and I'm currently looking -- there are different vendors that sell a product. It would be worth --

VICE-PRESIDENT CLUFF: Does the Town not have Code Red anymore?

GENERAL MANAGER SHEA: The Town does have Code Red, but we didn't use -- I don't know why Chief Rowe didn't elect to use that. They only use it through the website, as well.

VICE-PRESIDENT CLUFF: All right. Because you can go in and register your cellphone with that, so that when the Town goes out...

GENERAL MANAGER SHEA: I'm looking into packages -- vendors like that, that would serve just KLPD and there are utility and town-wide kind of things.

VICE-PRESIDENT CLUFF: Well, I'd have a conversation with Jeff about it.

GENERAL MANAGER SHEA: Okay.

VICE-PRESIDENT CLUFF: Because the Town, I don't know if there's an annual fee with it or if it was a one-time fee, but --

GENERAL MANAGER SHEA: Yup.

VICE-PRESIDENT CLUFF: -- if the Town is already paying for it --

GENERAL MANAGER SHEA: Then we can jump in on it.

VICE-PRESIDENT CLUFF: -- I don't know why we would pay again for it.

GENERAL MANAGER SHEA: I'll get in touch with you, Ward, once I've been able to check why that call didn't -- wasn't made.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: And see if there's --

MR. HANSEN: I don't think I got one on my landline. She could have, but she wouldn't remember.

GENERAL MANAGER SHEA: And I know I didn't because I live -- I live on -- right after Ross Road, and I was commenting earlier --

MR. HANSEN: Yeah, we're on Larrabee Way off of Storer, so...

GENERAL MANAGER SHEA: Okay. And I know I didn't get a call, so that line needs to be moved, but let me check your area, as well.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: I will follow up with you.

MR. HANSEN: We have both landline and cell.

GENERAL MANAGER SHEA: Okay. And you don't think you got a call?

MR. HANSEN: I don't think so.

GENERAL MANAGER SHEA: Do you have a voice mail on that?

MR. HANSEN: I do.

GENERAL MANAGER SHEA: Okay.

MR. HANSEN: On the landline, yes.

PRESIDENT KILBOURN: Also, you know, I mean, we --

GENERAL MANAGER SHEA: We do e-mail alerts, but that won't help.

PRESIDENT KILBOURN: But we could also, I mean, the message says, if you're on CMP, disregard this message.

GENERAL MANAGER SHEA: Yes.

PRESIDENT KILBOURN: So we could push it a little bit beyond that if there's a specific area that we're having trouble --

GENERAL MANAGER SHEA: Well, the difficulty there is, then we start getting into customers who are out of West Kennebunk --

PRESIDENT KILBOURN: Who would not be in the --

GENERAL MANAGER SHEA: -- and then, that message doesn't ring true.

PRESIDENT KILBOURN: Yeah, yeah.

GENERAL MANAGER SHEA: You know --

PRESIDENT KILBOURN: I understand.

GENERAL MANAGER SHEA: So, we're fine tuning that.

MR. HANSEN: Well, I'm mentioning it just as much for other people.

GENERAL MANAGER SHEA: Yup. Absolutely.

MR. HANSEN: Because, you know, there could be another situation.

GENERAL MANAGER SHEA: So, if it's a medical need for power, it's what we call Lifeline.

MR. HANSEN: Right.

GENERAL MANAGER SHEA: We keep a spreadsheet of people who need oxygen, need even CPAP, and then we call them prior -- we had about 36 hours notice ahead of this one.

MR. HANSEN: Okay.

GENERAL MANAGER SHEA: So, we're trying to refine it each time it happens and I'll -- I'll take a look at that.

MR. HANSEN: Okay. All right. Thank you.

PRESIDENT KILBOURN: Do you have a comment?

MS. FREUDENREICH: My turn?

PRESIDENT KILBOURN: Absolutely.

MS. FREUDENREICH: Okay. It's my turn. All right. This one is for Todd on -- and this goes back to the FERC scoping meeting.

GENERAL MANAGER SHEA: Um-hmm.

MS. FREUDENREICH: And I mentioned at the last meeting that you should have received by now a transcript --

GENERAL MANAGER SHEA: Um-hmm.

MS. FREUDENREICH: -- from that meeting.

GENERAL MANAGER SHEA: Yup.

MS. FREUDENREICH: And so, will that be put on the website for everyone.

GENERAL MANAGER SHEA: I thought I had directed that to happen, but I apparently didn't. I do have copies and I will make sure it gets put on the minutes page. So, the Board minutes --

MS. FREUDENREICH: I would --

GENERAL MANAGER SHEA: And I can put it on the FERC page, as well.

MS. FREUDENREICH: But can it -- or can you put it an announcement on the front page where we know where to look?

GENERAL MANAGER SHEA: I can -- let me figure out how to get the info up there the best --

MS. FREUDENREICH: (INAUDIBLE).

GENERAL MANAGER SHEA: Both --

MS. FREUDENREICH: Okay.

GENERAL MANAGER SHEA: I'll do both transcripts. Yup, there are two.

MS. FREUDENREICH: The other thing is, if I'm correct, KLPD paid for it to be videod?

GENERAL MANAGER SHEA: Yes. We don't have -- I don't have the video back yet because the size of the file. Both meetings were approximately three hours, and so Blake Baldwin at Video Creations edited the videos and has -- I will follow up with him, because the last conversation I had with him, was whether or not he wanted me to provide him with a hard drive or if he was going to provide it for me. So, let me follow up with Blake on that.

MS. FREUDENREICH: And how will the public be able to --

GENERAL MANAGER SHEA: That is --

MS. FREUDENREICH: -- see that?

GENERAL MANAGER SHEA: -- part of the problem that we're dealing with, is the size of the file. It may have to be broken up into segments on YouTube and then placed on our

website. But if that does happen, a notification will go out and we'll have it in a place where people can see it. I haven't even seen it yet.

MS. FREUDENREICH: (INAUDIBLE) -- and the last one I'm going to ask you, are the dams up and running?

GENERAL MANAGER SHEA: Not at the moment.

MS. FREUDENREICH: I'm going to hand out a recap sheet. And this -- this is from Wright-Pierce. This is for your guys. I'm going to e-mail it. I tried my best to get the biggest piece of paper I could get. I tried. I really tried, but --

PRESIDENT KILBOURN: Are you handing out magnifying glasses?

MS. FREUDENREICH: -- you still can't read it.

GENERAL MANAGER SHEA: Has it been updated?

MS. FREUDENREICH: I have -- oh, this is -- this was through -- Wright-Pierce went through 2014.

GENERAL MANAGER SHEA: Okay.

MS. FREUDENREICH: Those numbers are there.

GENERAL MANAGER SHEA: Yup. But the Board has that.

MS. FREUDENREICH: And I'll just e-mail it to you. So what I added to it was --

PRESIDENT KILBOURN: Thank you.

MS. FREUDENREICH: -- 2015, 2016, 2017. I put those down on it and I'll e-mail it to you, but I'm going to make several comments on it. (INAUDIBLE) -- oh, wow. I got close there.

My comments are this, if you look on them, on the colored sheets, this is for 2002 down through -- 2014 was the upper part. The ones that are in yellow highlight, I separate that also the past five years. If you look over to the 2013 -- well, I'm going to say, for the last 33 years, the average production would be -- was over two million in a year off the dams. The past 13 years was 1,795 -- 1,000. And -- but I broke it down into the last five years. It has gone down 42 percent and it's a million forty-two. A quick look, you'll find out that sheet, the fastest thing you can look at, the last three years or so, you don't see that many years when there was no production. It stands out in your face. You can see how many months we are without production and that's going on. And I took a five-year average, the ninth [sic] on it.

The second page, what I attached there, is if you have a question about whether -- what's the water collection -- what the discharge is. And, there's a 33-year average. This is USGS service. This is where I took the figures from. I had a question, I had them verified today by USGS. Okay?

PRESIDENT KILBOURN: Very good.

MS. FREUDENREICH: So my figures are relative . they are the mean numbers, so that's not taking out the minimum and the maximum. I took a mean number. It was verified this morning or this afternoon to make sure that I was not misinterpreting a number.

PRESIDENT KILBOURN: You're saying that all of these are mean numbers?

MS. FREUDENREICH: These are all mean numbers.

PRESIDENT KILBOURN: Thank you.

MS. FREUDENREICH: On the water.

PRESIDENT KILBOURN: Yes.

MS. FREUDENREICH: On the discharge, yes. And so, I think I marked it -- oh, down the bottom. I did say mean numbers. These ones -- the 33 average up here, this came from -- the 33-year average up above came from Wright-Pierce. The lower table is the one I created for the current years. So, you can't just say it's a lot of -- the lack of production is when that there isn't that much water. It's giving you comparisons by year.

I'm just pointing out that there is money being lost there. I'm going to ask again, we have waited forever. When are we going to find out about the oil? That is probably a year-and-a-half where maintenance is being wasted to sit on this, okay? If somebody did this to their car, or their home, or even saw problems with the substations, if you guys are handling something, you've got to handle something on these dams. Okay? You're wasting ratepayer's money.

That's my comments.

TRUSTEE BARTILUCCI: (INAUDIBLE.)

GENERAL MANAGER SHEA: Tomorrow Ron Ruel is coming to visit the three sites to formulate a plan.

MS. FREUDENREICH: Is that to change the oil?

GENERAL MANAGER SHEA: To change the oil. And --

MS. FREUDENREICH: So, that will be about a year-and-a-half after -- at least from summer -- (INAUDIBLE) --

GENERAL MANAGER SHEA: Actually, Beverly, in summer we were talking about a completely different kind of oil. So, there are several different oils that lubricate these facilities and so, tomorrow Ron will be here to address the lubricating oils that we need to -- that --

MS. FREUDENREICH: What about --

GENERAL MANAGER SHEA: -- Trustee Bartilucci brought to our attention that we're going to address moving forward.

MS. FREUDENREICH: What happens with the contaminated oil that were from -- that we received the comments back in July or August after --

GENERAL MANAGER SHEA: That will be part of what Ron does.

MS. FREUDENREICH: -- the six months or whatever --

GENERAL MANAGER SHEA: That will be part of Ron does.

MS. FREUDENREICH: -- when they said that they were contaminated?

GENERAL MANAGER SHEA: I don't have a response to that at the moment.

PRESIDENT KILBOURN: All right. I think that -- you, know, I think that these are nice to see this all in one place. We have some of this --

MS. FREUDENREICH: But I will -- yeah, I will e-mail it to you and I'm e-mailing the selectmen so that they understand where we're at with this.

PRESIDENT KILBOURN: Yeah, thank you. I mean, we have some of this. We don't have the most recent work that you did, but it is clear and it's been clear, that we're producing less power and I think it certainly begs the question, Todd, as to, you know, management and staff should, I think, take a look at this and understand -- just be able to explain to us what is going on. Is it related to water? Is it related to unusual weather? Is it related to the ongoing decline of the system? But, I think it's fair enough to ask the question.

GENERAL MANAGER SHEA: We'll have responses to that for the next meeting.

PRESIDENT KILBOURN: Great. And again, thank you. It's been a big help and it sounds like we'll also have some more information on the oil change.

GENERAL MANAGER SHEA: Yup.

MS. FREUDENREICH: But I will e-mail those so that we all can see the numbers.

PRESIDENT KILBOURN: Thank you. And you know how to get them to us.

MS. FREUDENREICH: All right.

PRESIDENT KILBOURN: Thank you for doing the work on that. I appreciate it.

Other comments or questions?

Peter?

MR. ASHLEY: Todd, could you be more specific on the types of oil that are being addressed and the locations?

GENERAL MANAGER SHEA: All three facilities. We're not talking governor oil. We're speaking of the lower unit lubricating. I don't know the -- I can't give you the exact

phrase, but Ron is coming in to assess the lubricating properties of the fluids that lubricate those generators. So, above and beyond the governors.

MR. ASHLEY: So, you're talking about the thrust bearings and the generator types of oils?

GENERAL MANAGER SHEA: Yes.

MR. ASHLEY: Okay.

GENERAL MANAGER SHEA: To my knowledge, that hasn't been done.

MR. ASHLEY: From what I see at Dane Perkins, I can't imagine when it was done. It might be 20 or 30 years.

GENERAL MANAGER SHEA: Well, whenever they built Dane Perkins may have been the last time. I --

MR. ASHLEY: That's what I mean.

GENERAL MANAGER SHEA: Yeah. So, those are -- those were brought to the surface and it was a -- it was a question that was raised and it was -- we've been trying to coordinate with Ron to get here to come up with a plan on how to address those fluids.

MR. ASHLEY: I have more detailed information that I could talk to you about that talks specifically about the Dane Perkins generator.

GENERAL MANAGER SHEA: Okay. That would be appreciated.

PRESIDENT KILBOURN: Thank you, Peter.

GENERAL MANAGER SHEA: Do you want to give me a call, Peter?

MR. ASHLEY: A call?

GENERAL MANAGER SHEA: Yup.

MR. ASHLEY: All right.

GENERAL MANAGER SHEA: Or it depends on the weather --

MR. ASHLEY: Or knock on your window?

GENERAL MANAGER SHEA: Or knock on my window.

PRESIDENT KILBOURN: I just wanted to remind us, and our management, and the public that is here, that our guidance for quite some time now, in fact, since the decision was made to not to seek to re-license, was to continue to produce as much electrical power from the dams as we can, and if we get to extraordinary expenses that management isn't comfortable

spending, that fall outside of our budget to accomplish that goal, that that should come back to the Board.

GENERAL MANAGER SHEA: And this may rise to that occasion. I had --

(Inaudible conversation occurring.)

GENERAL MANAGER SHEA: I'm sorry. I don't mean to interrupt.

PRESIDENT KILBOURN: No, no. That's fine. And when you have the information, I just -- that's how -- that's the process that we've laid out.

MS. FREUDENREICH: Can I raise one more question?

PRESIDENT KILBOURN: Sure.

MS. FREUDENREICH: And when 2017 ended, and now that we've found out the maintenance cost on the financial statements are under the heading of supplies, okay, did you exhaust your supply budget in 2017?

GENERAL MANAGER SHEA: I can't answer that off of the top of my head.

BUSINESS MANAGER RANCOURT: Yeah, we don't have that finalized yet.

GENERAL MANAGER SHEA: Yeah. That will come out --

MS. FREUDENREICH: Well, based on that, did you use all of the funds in 2017 that were earmarked for maintenance? And then, going forward, if you do it consistently as it goes on, rather than a whole lump sum, and say oh, the cost is too much money, well, it's because you didn't take care of those the year before.

PRESIDENT KILBOURN: Right. Well, I think your focus in the question about why are we not producing is -- is it staff expertise? Is it changes in weather? Is it maintenance issues? Is it ongoing decay of the equipment? I think it's a good question. It's part of the answer we're looking for.

Peter, if there are others, I would like to go to them first. We're almost out of time.

MR. TUCKER: Or the availability of parts, too. The units are old. You know, they are old General Electric's, so they're not making the parts anymore and so you'd have to, you know, find either refurb parts or send whatever parts you have out to refurb.

PRESIDENT KILBOURN: Right.

MR. TUCKER: So, there's going to be downtime.

PRESIDENT KILBOURN: And I'm sure that could be a factor. We'd just like to know what the factors are.

GENERAL MANAGER SHEA: I'll get the pulse of why, because there has been no change in instruction to any staff. Their instruction is to run when we're able to run, and apparently, I'm --

PRESIDENT KILBOURN: Under the same policies you've always had?

GENERAL MANAGER SHEA: Absolutely.

PRESIDENT KILBOURN: Let's just try to get to the bottom of it.

Wayne, did you have something else?

MR. BERRY: I did. In yesterday's Portland Press Herald, front page news, was the "Pingree backs bill to protect municipal networks". So, when you guys are talking about strategic plans, I hope you will include the idea that we may still develop our own internet service.

The same article noted that Maine is 49th in the nation for speed; both uploads and downloads. Whereas, our two neighbors, Massachusetts and New Hampshire, are number one and number seven respectively.

So, if we're looking at part of the problem of why we're not doing well as a business climate, that is one of the reasons and I know we've had talks about the idea for some time, but we might be able to develop our own internet service within the locale of KLPD's territory and I just hope that that is part of the strategic plan. However small it might be, there is potential and should be explored.

PRESIDENT KILBOURN: So I think you are aware, but you may not be, that in the discussions that we've had during the strategic planning, that has surfaced on several occasions. It's in the hopper, as Todd is now doing the first draft of his strategic plan. Todd, you can speak to it, but I'll try and do it for you. It's been reported to us on a number of occasions that Todd has continued to have dialogue with town managers and there is some interest at the Board of Selectmen, as well. Although, I don't know if they have had an actual discussion at the Board about it. But individual members have expressed some interest and the Town Manager, as well.

GENERAL MANAGER SHEA: We've been working with -- I've been working with Senator King's office and a potential -- right now it's kind of a grant that is not public information, but we're working with Senator King's office in conjunction with another organization to see if there's a feasibility of grant funds to invest in that type of infrastructure for a utility like KLPD.

But, those are things I'm not at liberty to divulge because the nature of the grant is -- I can't say top secret, but it's not a -- you know, it hasn't -- we're being preliminarily reviewed to see if it's something that can happen. They're looking for target markets and Kennebunk might meet the requirements for those target markets.

PRESIDENT KILBOURN: So, we'll be interested to see --

GENERAL MANAGER SHEA: Me, too.

PRESIDENT KILBOURN: -- if it makes the plan on the first draft.

GENERAL MANAGER SHEA: I'm hoping.

PRESIDENT KILBOURN: Peter, do you have one more?

MR. ASHLEY: Yes. Six months or more ago, I'm losing track of what I said when, but I talked a Hobbs meter, which is like an engine/hour meter in an airplane, for the governors so we know how long they have run. And, then, a cycle timer that times the number of counts that the unit turns on and off. And those are critical things to help maintain a unit that's elderly in the future. And if you start seeing the cycle thing go off and the timer go off, then you start checking the accumulator again and things like that.

So, it's a troubleshooting thing, just like the gas gauge in your car. You have trouble with it, it goes to zero.

PRESIDENT KILBOURN: Thank you. So, as we're thinking about where we are with maintenance and operations of these older facilities, we should at least consider Hobbs meters and cycle --

GENERAL MANAGER SHEA: Absolutely.

PRESIDENT KILBOURN: -- and let us know if that makes sense?

Any other comments or questions?

MR. WARD: I'm trying to understand this bit with the internet. Are you saying that we would be like a computer ISP?

PRESIDENT KILBOURN: Yes. The conversation of the strategic planning process was, look, are there other ways that, as a local municipal utility, we can take advantage of the assets we have to further benefit --

MR. HANSEN: (INAUDIBLE) -- and use that as what, either a path for internet, or cheaper, or --

PRESIDENT KILBOURN: Potentially fiberoptics at super high speed that would be available to -- on all of our poles.

GENERAL MANAGER SHEA: There's a hierarchy of ways we can address it, and so, that's what's been looked into as we've -- I've had conversations with GWI, whose main dark fiber, I'm sure you know, runs right down Route 1 that's not tapped off of. So, there are entities that are looking to host the internet and use our -- which would benefit KLPD because we would get revenue there. Other models in Massachusetts in some areas the municipal utility starts their own internet company. There are degrees of success on those.

We have applied for a grant -- we applied for a grant about two years because it was all based on take rates. You can invest a lot of money and not get the people -- the customers that you need and it can fail miserably, so -- but those -- those feasibility studies are fairly expensive, so we've been trying to get grants to do that and we have yet to land one. So, there's different

avenues that we're taking and there are different options we can -- there is a perceived need everywhere, but the actual need is the difficult part.

MR. HANSEN: Thank you.

PRESIDENT KILBOURN: We have to cut it off, Peter. It's -- we're over 15 minutes and

--

MR. ASHLEY: Mr. Chairman, this is a very simple of Todd. Are you using the pond control on Twine Mill?

GENERAL MANAGER SHEA: The pond control on Twine Mill?

MR. ASHLEY: Yes. Are you using it?

GENERAL MANAGER SHEA: The one that was designed by you?

MR. ASHLEY: Exactly.

GENERAL MANAGER SHEA: It is -- we rely heavily on that pond control, Peter.

MR. ASHLEY: Well, thank you.

PRESIDENT KILBOURN: Thank you.

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Public Comment Period and Verbatim Transcript

Concluded at 8:15 p.m.

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Whereupon, Item XIII, Executive Session Pursuant to 1 MRSA 405.6 (A) for GM Annual Review, will occur at the end of the meeting.

Whereupon, Item XIII, Next Business Meeting, February 13, 2018 (Pending Approval) For Strat Plan Review; February 27, 2018 Regular Business Meeting, occurred.

It was decided that the Public hearing will be held March 8, 2018 at KLPD District office, beginning at 6:00 p.m., with the next business meeting scheduled for March 27, 2018.

Whereupon, Item XIV, Board Recommendation for Agenda Items for Next Meeting, did not occur.

Whereupon, Item XII, Executive Session pursuant to 1 MRSA 405.6 (A) for GM Annual Review, occurred. Vice-President Cluff made the motion to move into Executive Session. The motion was seconded by President Kilbourn.

Thereupon, with unanimous ayes heard, the motion carries.

- - -

Executive Session

- - -

(Executive Session concluded at 10:00 p.m.)

Whereupon, President Kilbourn made the motion to increase General Manager Shea's salary by 7 percent, retroactive to January 1, 2018. The motion was seconded by Trustee Bartilucci.

Thereupon, with unanimous ayes heard, the motion carries.

There being no additional business of the District discussed by the Board, President Kilbourn made a motion to adjourn. The motion was seconded by Clerk Emmons.

Thereupon, with unanimous ayes heard, the meeting adjourned at 10:05 p.m.

Attest: _____
Bob Emmons, Clerk