

KENNEBUNK LIGHT & POWER DISTRICT
COUNTY OF YORK
STATE OF MAINE

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BOARD OF TRUSTEES MEETING MINUTES

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KENNEBUNK LIGHT & POWER DISTRICT
4 FACTORY PASTURE LANE
KENNEBUNK, ME 04043
TUESDAY, May 30, 2017
6:01 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:

Donna Teague, Kennebunk

Peter Ashley, Cape Neddick

(Other members of the public were present but not identified.)

Matthew Rancourt, Business Manager

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 6:01 p.m.

Whereupon, Item II, Approval of Regular Meeting Agenda, occurred.

Whereupon, Item III, Board Review and Approve 04/25/17 Meeting Minutes, occurred. Trustee Bartilucci took the floor and stated that the minutes were not complete. He then read a colloquial statement, which he then requested to have added to the minutes of April 25, 2017. Within the colloquy, the recusal of Trustee Cluff was discussed. Trustee Bartilucci feels that the recusal needs to be reviewed and if it is not looked at, he feels that there can be a "null and void of a lot of the decisions that the Board makes."

Trustee Cluff then took the floor to discuss the recusal. He stated that the recusal was recommended by the District's attorney. He stated that it was not mandated, but that he chose to accept the recommendation and recuse himself. He further stated that the recommendation was in regard to only dealing with the vote on whether the dams should be kept or removed. Per Trustee Cluff, the attorney did not recommend that Trustee Cluff not be involved in any of the discussions regarding operations.

Trustee Bartilucci feels that if one is recused, then no discussion can occur with that individual. Trustee Cluff reiterated that the recusal was only in regard as to whether to keep the dams or not keep the dams. It was not on the operations of the dams. Trustee Bartilucci disagreed.

President Kilbourn took the floor, advised the Board that the topic of recusal is not on the agenda, and that perhaps it should be brought up in a future meeting. He then asked if there was further discussion in regard to the completeness of the April 25, 2017 minutes. Vice-President Berry stated that he has no problem with the inclusion of the colloquy.

President Kilbourn asked for a motion to amend the April 25, 2017 minutes, to include the colloquy read by Trustee Bartilucci, per the audio recording, and as a verbatim transcription. Vice-President Berry made the motion. It was seconded by Trustee Bartilucci.

Thereupon, with unanimous ayes heard, the motion passes.

Vice-President Berry added that on Page 1854, in which Mr. Leonard discussed the budget of \$360,000. Vice-President Berry clarified that the \$360,000 is a budget item for depreciation only and should not be confused with the actual budget. President Kilbourn noted that the acronym SWAT should be changed to SWOT.

President Kilbourn then made a motion to further amend the April 25, 2017 meeting minutes to reflect that the \$360,000 is a depreciation budget line item only, along with the change from SWAT to SWOT.

Thereupon, with unanimous ayes heard, the motion passes and the April 25, 2017 meeting minutes were approved.

Whereupon, Item IV, Board review April Financials, occurred. Business Manager Rancourt took the floor to discuss the April, 2017 financials. Consumption was higher this year over last year by 875,000 kilowatt hours, which increased delivery revenues this year over last.

Administrative expenses increased \$18,650 from April of 2016. Distribution expenses were lower this year over last year. Maintenance expenses were slightly higher this year over last. Dam re-licensing expenses were lower in 2017 as no expense has been incurred this year.

Historical data was then discussed briefly. President Kilbourn asked for clarification in regard to the consumption figure. Business Manager Rancourt stated that the consumption figure is based on sales. Kilowatt hours used by KLPD are not included in the consumption figure.

President Kilbourn then discussed revenue and its contributing factors of the rate increase and consumption. He would like to see a breakdown of revenue and what is attributable to the rate increase and that of volume. Business Manager Rancourt will provide those figures going forward.

President Kilbourn then discussed formatting issues with the budget analysis and income statement. He would also like to see a graph of distribution sales extending out past the prior year. Ideally, President Kilbourn would like to see the District's trend over the past five to ten years. Vice-President Berry would be interested to see the trending information, but he suggested that trends should not be used to predict the future. He is not certain that as an ongoing attachment to the financials it would be beneficial.

President Kilbourn also asked about the duration that interest and depreciation, which is being applied to the Statement of Activity, will be attributed to dam operations. He would like clarification on when the principal and interest ceases to be payable and what the depreciation schedule is on the dams. Business Manager Rancourt believes that it is a 1983 bond. General Manager Shea added that the bond is scheduled to end in 2023. Business Manager Rancourt will confirm that information. He also stated that the bond now stands at \$307,000.

Vice-President Berry asked about the delinquent accounts and collections practices. Business Manager Rancourt discussed the protocols put forth by the PUC in regard to collection activities. He discussed payment arrangements and the impact on the District. Business Manager Rancourt also discussed the length of payment arrangements. He also discussed the practices of the District during the winter months. Business Manager Rancourt then discussed the practices of the Public Utilities Commission in regard to payment arrangements. Disconnection and reconnection fees were then discussed.

General Manager Shea then asked Business Manager Rancourt about the budget program. Business Manager Rancourt stated that the budget plan is trued up in August. With the difficult winter, the outstanding balances on some of the budget accounts are higher than what was anticipated. Budget customers are followed throughout the year and are made aware of their outstanding balances via their billing statements and notices if they become delinquent.

Business Manager Rancourt feels that the increase in delinquent accounts this year over last year is due to the colder winter, and the rules put forth by the PUC. Trustee Cluff added that delinquent accounts currently stand at \$200,000. Vice-President Berry added that this is the highest it has been. President Kilbourn asked about the dunning practices of the District. Business Manager Rancourt stated that staff is proactive. Customer notification was discussed along with community resources, LIAP/LIHEAP, et cetera. The leveled budget plan was discussed along with the possible addition of new methods of payment. Business Manager

Rancourt and General Manager Shea then discussed the Asyst program, the various programs that will be added to permit realtime customer account update, and ease of use.

President Kilbourn and Business Manager Rancourt then discussed the issues facing customers that become delinquent. Business Manager Rancourt discussed the system in brief. He discussed the Arrearage Management Program (AMP), Low Income Assistance Program (LIAP) and Low Income Heating Assistance Program (LIHEAP). He stated that there are approximately 175 customers participating in the LIAP/LIHEAP program. Business Manager Rancourt will review the delineation between the various programs and delinquency and report back to the Board.

Vice-President Berry added that the District is diligent in its collection activities. He then discussed closed account collection activities. Business Manager Rancourt stated that after the District has followed its protocol to collect on bad debt, it is then outsourced to a collection agency. Business Manager Rancourt will report back to the Board with additional information in regard to bad debt at the next meeting. Vice-President Berry added that staff does ensure that customers are given contact information for organizations that may be able to assist them if so warranted.

President Kilbourn reviewed the questions posed to Business Manager Rancourt. He also would like additional input from management in regard to improving the collections program.

Vice-President Berry then discussed the District's use of Small Claims Court. General Manager Shea discussed how Small Claims Court works. President Kilbourn asked General Manager Shea to verify with the PUC the use of Small Claims Court. Vice-President Berry discussed the fees and procedures of Small Claims Court. Vice-President Berry then discussed the Small Claims Court guide that he provided to the Board. He would like the Board to read through the document, Business Manager Rancourt to come back to the Board with more information, and then have further discussion on this topic and how the Board should proceed. After further discussion, Trustee Cluff voiced his opinion on being in favor of utilizing this avenue. President Kilbourn added that Vice-President Berry did great work in producing this information for the Board. General Manager Shea will review this topic with the PUC. The Board will discuss limits at a future meeting.

(Whereupon, a recess occurred at 6:58 p.m.)

(Whereupon, the meeting resumed at 7:00 p.m.)

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

A. Address Past Meeting Board Requests: As per Vice-President Berry, the status of delinquent accounts was just discussed, along with Small Claims Court. The total amount spent on hydroelectricity in 2016 will be forwarded by General Manager Shea to Mr. Kolf via e-mail.

B. Outages/Complaints: There have been no widespread outages to report. General Manager Shea expects complaints in regard to the bridge project on Route 1 as it is overdue. Per DOT, that project should be done this year and the temporary bridge should already be operating. The District has completed their portion of the work on the bridge job.

C. FERC Correspondence: General Manager Shea has received receipt of the filing of the Notice of Intent to not file a subsequent license for the Lower Mousam Project. The document will be routed to the Board once a hardcopy has been received.

Vice-President Berry then asked if there has been any update on CMP's transmission alliance to the District's substations. Per General Manager Shea, the engineer has been moved onto a different project, so it appears to be at a standstill. General Manager Shea discussed the issue further stating that he will be directed to the new point of contact to start the discussions up again. Planning of projects were then discussed by Vice-President Berry and the other Board members.

Whereupon, Item VI, Board Review and Discussion on Strategic Plan SWOT Analysis, occurred. President Kilbourn discussed the summary of items put forth by the Board in regard to the SWOT analysis. General Manager Shea stated to the Board that the items within the summary are items that have been identified as issues to be considered. He asked the Board members to review the list and then rank the items that they feel are those of most concern in the areas of strengths, weaknesses, opportunities or threats. General Manager Shea is hoping to hear the viewpoint of all the members of the Board.

General Manager Shea then discussed safety meetings and arc flash training that will be occurring and should be completed by the next Board meeting.

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

Public Comment Period

Verbatim Transcription

MS. TEAGUE: Beverly Freudenreich couldn't be here tonight, but she asked that I give you a copy of the production numbers. You know that she keeps -- she's keeping that up to date. I can't tell you why, because I would imagine that you guys have these already, but --

GENERAL MANAGER SHEA: I think she got them from the website.

MS. TEAGUE: -- I'm following orders.

GENERAL MANAGER SHEA: Not a problem.

MS. TEAGUE: I don't want to get Beverly mad at me.

GENERAL MANAGER SHEA: They will be updated next week is what I expect.

MS. TEAGUE: Yeah, maybe that is what she was asking.

And I did have just one other question, these things kind of all go in the same category. You mentioned that you received correspondence from FERC?

GENERAL MANAGER SHEA: Yes.

MS. TEAGUE: And I know that I think you all voted on the solar proposal; was that last month?

GENERAL MANAGER SHEA: Yup.

MS. TEAGUE: I can't even remember.

GENERAL MANAGER SHEA: It was.

MS. TEAGUE: And then this SWOT material, is this stuff going to be on the website somewhere so the public can also be privy to this stuff?

GENERAL MANAGER SHEA: I don't -- I guess I would take a vote of the Board. We haven't typically put this kind of information on the website, but --

MS. TEAGUE: Okay.

GENERAL MANAGER SHEA: -- we'd have to figure out how to organize it and some of the information there --

MS. TEAGUE: Is the solar proposal public now or no?

GENERAL MANAGER SHEA: The final document is not public as of yet.

MS. TEAGUE: Oh, okay.

GENERAL MANAGER SHEA: But when we've had clearance on the portions of that document that are public, then we will put it on the website and there will be a press release forthcoming to let people know that this is happening.

MS. TEAGUE: Um-hmm. Okay. And the FERC stuff?

GENERAL MANAGER SHEA: Yup, I'll put that on the website, as well.

MS. TEAGUE: That can be --

GENERAL MANAGER SHEA: Absolutely.

MS. TEAGUE: Okay.

GENERAL MANAGER SHEA: Absolutely.

TRUSTEE CLUFF: Do we have an area for workshops? Like, if we wanted to put what the Board is doing for workshop stuff --

GENERAL MANAGER SHEA: Yup.

TRUSTEE CLUFF: -- and this would fall under workshop --

GENERAL MANAGER SHEA: We can make a workshop --

TRUSTEE CLUFF: -- so we could put these as documents that they are currently evaluating as a workshop option?

GENERAL MANAGER SHEA: Certainly. I can do that.

MS. TEAGUE: Thank you.

GENERAL MANAGER SHEA: And any recommendations -- I told Jay today, we're always looking for feedback on the website because we're trying to make it as user friendly as possible, so any time you have those kinds of ideas, please feel free to pass them along.

MS. TEAGUE: Okay.

PRESIDENT KILBOURN: Yeah, I think the thing to remember, and I think if you're -- any of the stuff that's for the working draft, brainstorming, or whatever documents we're using and working with in this regard, I think it should be really clear, if you're posting it --

GENERAL MANAGER SHEA: Um-hmm.

PRESIDENT KILBOURN: -- the way you would if you were -- if you were asked for it and you were sharing it, you know, that it's a work in progress.

GENERAL MANAGER SHEA: Yup.

PRESIDENT KILBOURN: I think the value of this process is that we're not confined by having to make an immediate decision. We've got a process that's going to result in a strategic plan and we want to engage the public in giving us some feedback on it, as well.

VICE-PRESIDENT BERRY: We are looking for public input.

GENERAL MANAGER SHEA: Yes.

PRESIDENT KILBOURN: Yes, absolutely. That's the point.

VICE-PRESIDENT BERRY: So maybe getting some information out there that we're looking at --

GENERAL MANAGER SHEA: Um-hmm.

VICE-PRESIDENT BERRY: -- would help the public focus on things that they want us to look at.

GENERAL MANAGER SHEA: A compilation of the SWOT analysis can definitely go on the website.

PRESIDENT KILBOURN: I think that it's just important that --

GENERAL MANAGER SHEA: We can create a new --

PRESIDENT KILBOURN: -- wherever it's posted that --

GENERAL MANAGER SHEA: It be clear.

PRESIDENT KILBOURN: -- a bit of the process of strategic planning is clear so that people understand that --

GENERAL MANAGER SHEA: Yup.

TRUSTEE CLUFF: That there's a disclosure.

PRESIDENT KILBOURN: -- just because there's a document there, doesn't mean that it's signed, sealed, delivered, and we're out there building it already --

GENERAL MANAGER SHEA: Right.

PRESIDENT KILBOURN: -- you know, or whatever.

GENERAL MANAGER SHEA: Yup.

PRESIDENT KILBOURN: It's developing toward a plan.

GENERAL MANAGER SHEA: Certainly.

PRESIDENT KILBOURN: I don't even think we need to --

(INAUDIBLE) --

GENERAL MANAGER SHEA: Nope.

PRESIDENT KILBOURN: -- unless anybody --

GENERAL MANAGER SHEA: If there was anything that was questionable, I would wait until a meeting to get approval from the Board to put it on there.

PRESIDENT KILBOURN: Yeah, great.

Yes?

MR. ASHLEY: I'm not sure how much the conversation on the business of opening and closing gates and the water going down the river should be considered micromanaging. I think it calls into the safety and discussions in that area. And then, when you're talking about the workers, the safety of the workers, the safety of the equipment, the longevity of the equipment, protecting it, and the possible impact on the public -- or the public's perceived impact on themselves, and any passersby that may see something that they think is a safety issue, should go by the trustees and your review of it in an abbreviated manner to determine whether the impact of this problem is in fact something that should be avoided in the long term and protect -- better protect investments, et cetera.

So, the whole business of the gates opening and closing, and when I talked with Mr. Bartilucci about it early one morning -- (INAUDIBLE) -- the fact that I'm barely moving at that time of the morning and being aware of past incidents where I was working here for a few years

or so, and being involved with hydroelectric for a long time, I felt that someone was not appropriately anticipating the geological, physical, environmental atmosphere, whatever, of coming down the river, however you want to phrase it. I've seen the water going by Dane Perkins four or five feet deep, so that was before the floodgate was put in.

So, it just seems to me that, you know, calling it micromanaging, if that was the way you interpreted it, I think when safety comes, whatever the safety is, a squirrel laying across the transformer, or a vine climbing up a tension wire, whatever it happens to be, a tree about ready to fall, I think it does fall into the trustee's ballpark, and that micromanaging it -- I think it's just an eye-opening opportunity to avoid future problems, to address and discuss it, and then have a policy going back to the manager, and the manager going down to the workforce to make them aware of the anticipated problem that could be created by not keeping their eyes open.

So, that's just my take on that whole affair and Intervale got flooded at that time, and I don't see the domino effect of flashboard operation as being, you know, micromanaged. I think, if you understand the physics of water flowing down the river, you're certainly not going to release the flashboards on the upriver end first, because you might cause a catastrophic card falling all the way down the river and who knows if the guy standing in the middle of the river doesn't anticipate another 2 or 3,000 cubic feet a second coming down. That's all I have to say about that.

PRESIDENT KILBOURN: Thank you. Any other comments?

MR. ASHLEY: By the way, it is written up in all the paperwork that we've all received about whether they are rain gates, or floodgates, or -- some people call a floodgate a rain gate, and vice versa. It's just a question of being aware of what actually goes on in the particular river that's under discussion.

PRESIDENT KILBOURN: Thank you. All right. I think that brings our public comment period to a close.

Public Comment Period and Verbatim Transcript

Concluded at 7:19 p.m.

Whereupon, Item VIII, Date of Next Meeting, Discussion, Dates TBD, occurred. President Kilbourn suggested that a June meeting may not be necessary. After further discussion from the Board, it was determined that both the regular business meeting and a SWOT meeting will not be held in June. The next regular Board of Trustees' meeting will be held July 25, 2017 at 6:00 p.m. at the District office. The next strategic planning meeting is tentatively scheduled for July 18, 2017 at 6:00 p.m. at the District office.

Whereupon, Item IX, Board Recommendation for Agenda Items for Next Meeting, occurred. Board members will forward agenda items to General Manager Shea or President Kilbourn.

There being no additional business of the District discussed by the Board, President Kilbourn asked for a motion to adjourn. Clerk Emmons made the motion to adjourn and it was seconded by Trustee Cluff.

Whereupon, with unanimous ayes heard, the meeting adjourned at 7:25 p.m.

Attest: _____

Bob Emmons, Clerk