

KENNEBUNK LIGHT & POWER DISTRICT
COUNTY OF YORK
STATE OF MAINE

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TRANSCRIPT OF RECORDED PROCEEDINGS
OF THE
BOARD OF TRUSTEES MEETING

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KENNEBUNK TOWN HALL
ONE SUMMER STREET
ROOM 300/301
KENNEBUNK, MAINE 04043

- - -

WEDNESDAY, MAY 11, 2016
6:03 p.m.

BOARD MEMBERS:

PRESIDENT: JONATHAN KILBOURN - (PRESENT)

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

GENERAL MANAGER/TREASURER: TODD SHEA - (PRESENT)

CLERK: MICHAEL JORDAN - (PRESENT)

TRUSTEE: DAVID CLUFF - (PRESENT)

TRUSTEE: ROBERT EMMONS - (PRESENT)

ALSO PRESENT:

Kathleen A. De Marre, Transcriptionist

TRANSCRIPT OF PROCEEDINGS

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

THE TRANSCRIPT OF THIS MEETING is 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 TRANSCRIPT OF THIS MEETING is 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

Whereupon, Item II, Executive Session Pursuant to 1 MRSA 405.6 (E) for Legal Advice From the District's Attorney, was discussed.

Whereupon, a motion was made by _____. It was seconded by _____.

Whereupon, with unanimous ayes heard, the motion carries. The Board went into Executive Session at ____

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EXECUTIVE SESSION

- - -

Whereupon, Executive session concluded at 6:10 p.m.

- - -

OPEN SESSION

- - -

Whereupon, Open Session began at 6:15 p.m.

PRESIDENT KILBOURN: We have already convened a meeting. We had an earlier Executive Session for some legal matters and we're now going to resume the regular session in Open Session.

Our -- our proceedings tonight are being broadcasted and recorded. I don't believe that the amplification is going to work entirely to your satisfaction, so if you're in the back and you want to hear, you could move a little closer. We'll speak as loudly as we can and it is going to be rebroadcasted, I believe. As well as being broadcasted tonight. And maybe Barry is going to help us out.

GENERAL MANAGER SHEA: Thanks, Mike.

PRESIDENT KILBOURN: The good news is, is the microphones are working for the television broadcast.

So we've already been called to order. I'm going to take a moment to review the agenda that we have tonight with you and then we'll proceed.

First, I'm going to be introducing this session and what the purpose of the session is. We then have an opportunity to make a decision regarding a third-party review of our engineering

report from Wright-Pierce. We also will have the opportunity to accept additional revisions from Wright-Pierce that were requested at our prior meeting, and to -- Todd will review those for us. We then -- the primary purpose of this evening is to allow our fellow trustees here to have some discussion, as required in Open Session, about our views on the fate of our dams and the information that we currently have, where we think we should go, where we think we should go next.

Following that conversation, we have an opportunity to review Bill Clewes' assessment of increased efficiencies with current generation, power. And then, we'll tidy up at the end, with, depending on how late we go, some discussion about the agenda; the schedule of the next meetings, and we have an opportunity for any other business to come before the Board should we decide to do so.

Are there any suggestions from the Board for requests for matters relating to the agenda?

VICE PRESIDENT BERRY: Yes. Would the Board mind if we -- if we took Item VIII ahead of Item VII until we have the information in front of us -- we have Bill Clewes' review -- before we start discussing what we may be thinking about? I think that includes important information.

TRUSTEE CLUFF: Yes, I agree. Are you all set with that, Mike?

CLERK JORDAN: Yeah. I'm good, yup.

PRESIDENT KILBOURN: Okay. Sure. We'll move that up. Great. Thank you.

So, let me just start out with a little bit of an introduction here tonight. This -- this -- the Board and staff of this district have been evaluating the question of the future of our three hydro-electric dams on the Mousam for probably about five years. Most recently, we've been listening to quite a bit of public comment about this over the last couple of years as we continued to gather relevant information and new information, so, tonight's meeting is a business meeting of the KLPD. It is a public meeting but it is not a hearing. As I mentioned, you know, our Freedom of Access laws require that we have these business conversations in public, as we always have done, and we have not met in Executive Session or privately discussed the business of these dams. So it's -- it's pretty important that we take the time now, and that we've taken an awful lot of time to gather this information, to discuss this amongst the Board members and for the public to be able to hear what we have to say.

We will be discussing all of this under Item VII now, I guess, Item VIII of the current agenda, and I will repeat that I'm sure that whatever this Board decides at -- whenever we do make a decision regarding the dams, it won't be a decision that is making everyone happy in this town. We understand that. We're doing our best to do a very serious review and to make the best decision for our ratepayers and for the District.

I would also just ask you all to be aware that the Kennebunk town government may choose to review this matter and they have the option to take certain actions relative to the dams. We may discuss this more this evening but that would be once this board has made a decision.

With that said, let's turn to Todd, our general manager. Todd, could you review with us Item V on the Agenda, the Wright-Pierce Alternatives Report?

GENERAL MANAGER SHEA: Item V, Mr. President, is the third-party review for the Wright-Pierce report.

PRESIDENT KILBOURN: Yes.

GENERAL MANAGER SHEA: Okay. So coming from the last meeting, further information and further clarification in -- was sensed with The Board of Trustees. Questions have arisen in regard to financial modelings that were done, potential methodological issues with those financial assumptions. So after the meeting, I did reach out to three firms that have expressed interest in the project, as well as have an expansive technical capacity in this field.

I reached out to Klein Schmidt, GZA Environmental, and Gomez and Sullivan. The three firms were very interested in the project. All three of the firms had already familiarized themselves with the goings on of the District through the hydro page of our website, and they all provided us a proposal for the third-party review of the methodologies involved in the Wright-Pierce financial modeling, as well as the supporting documentation to those financial analyses.

Klein Schmidt cost of work was \$4500. It would be deliverable up to seven weeks after the contract acceptance. GZA Environmental's cost of work was \$6300. Deliverable three weeks after the contract acceptance. And Gomez and Sullivan's cost of work was \$7200, deliverable on June 30 of 2016.

After reviewing each firm's qualifications, and they are all very well qualified for this project, reviewing the timeline and the stated deliverables, it's my recommendation to not go with the lowest bidder on this project. If the Board, in fact, agrees to host a third-party review -- fund a third-party review, my recommendation would be to select GZA Environmental for the third-party peer review of the Wright-Pierce report. They're thoroughly qualified for the task, they've provided the most thorough scope of work and can deliver the review in the timeliness manner.

In the event that the Board agrees to move forward with GZA, or any of the other firms this evening, they will be notified immediately tomorrow morning in order for the work to be delivered to the Board. In the event, GZA, approximately one week before the June 15th hydro meeting.

A third-party review will give the Board a bit more of a comfort level with the -- of the assumptions and the figures that KLPD is working with and give adequate confidence as they move forward toward a decision.

Again, I ask the Board to review the proposals, which this was part of my memo, so they, hopefully, have already reviewed. But my recommendation would be GZA Environmental for \$6,300.

PRESIDENT KILBOURN: Thank you, Todd.

GENERAL MANAGER SHEA: You're welcome.

PRESIDENT KILBOURN: If there's some discussion from the Trustees regarding this. It was our request that the third-party review be taken, particularly because some of these areas we don't have a lot of experience with and there were some questions from the public about

whether this was a credible report. We felt it was better to err on the side of caution. I personally support this.

Do we have a motion to accept the General Manager's recommendation?

CLERK JORDAN: So moved.

TRUSTEE EMMONS: Second.

PRESIDENT KILBOURN: Any further discussion?

(No verbal response.)

PRESIDENT KILBOURN: All those in favor?

(Raise of hands.)

PRESIDENT KILBOURN: Unanimous.

(Whereupon, the motion carries.)

PRESIDENT KILBOURN: Thank you.

VICE PRESIDENT BERRY: Does the motion include the authorization of the General Manager to execute this contract; was that your intent?

GENERAL MANAGER SHEA: That was my intent.

CLERK JORDAN: It was my intent to have the General Manager execute the contract.

PRESIDENT KILBOURN: Great. Thank you.

VICE PRESIDENT BERRY: (INAUDIBLE) -- on that, right?

PRESIDENT KILBOURN: Yes.

Great. Let's move on to Item VI. Here again, Todd, we have revisions from Wright-Pierce and some other docs which were in response to questions that were raised at the prior meeting. Can you introduce those documents to us?

GENERAL MANAGER SHEA: I can certainly summarize the work that was done by Wright-Pierce --

PRESIDENT KILBOURN: Thank you.

GENERAL MANAGER SHEA: -- in this latest version of the report. The first item was that Wright-Pierce updated the section of the report discussing the efficiencies of the generating equipment. That is -- that text is updated in Section 1 and Appendix C, and in the interest of time, I'm not going to go through each of these revisions. These are all on the website. They have been since, I believe, Monday afternoon.

Item II: Wright-Pierce obtained an undated proposal from Bill Clewes, and Bill Clewes has actually visited the facilities. I've had conversations with him. He's provided recommendations. His recommendations do not include the costs associated with those

recommendations. We will need to seek further personnel or firms to give us those prices. And actually, some of the -- some of the proposals, to just come out and give those prices, are fairly expensive, so that is something that the Board will have to entertain at a future date once they've had a better understanding what it is that Bill was expecting us to do from his work.

TRUSTEE CLUFF: Could you elaborate on "quite expensive"?

GENERAL MANAGER SHEA: Oh, well, Bill did not, for -- or would not comment on any -- he wouldn't provide an estimate on any of these options. What he did give -- the only thing he would -- he would give rough estimates. So, there's a switchboard at Dane Perkins, which is the furthest upstream dam that needs replacement. It is quite antiquated and it could become problematic, and he said that the switchboard replacement could run anywhere from \$40,000 to \$100,000 depending on the quality and the level of automation we want to invest in. Bus voltage and frequency protection at Twine Mill would be in the area of about \$5,000 or maybe just under.

TRUSTEE CLUFF: In reference to, though, the actual assessment --

GENERAL MANAGER SHEA: Yes.

TRUSTEE CLUFF: -- where are we looking at for cost if we wanted them to come out and do the assessment of those --

GENERAL MANAGER SHEA: That ranges from -- depending on the firm. Peter Ashley, thank you for your help, has gotten us an offer from the LeFiell Company to come out. It would cost \$1500 plus the air travel as well as putting the individual that would come up in hotels. So there was a firm in Minnesota called Barr Engineering that's very familiar with our types of facilities. They were anywhere between 10 and \$15,000 to come out to do those assessments and give us cost estimates.

TRUSTEE CLUFF: Was the one for Kesslen, though, wasn't that more around \$3,000? Did you say that when we talked?

GENERAL MANAGER SHEA: When you get total costs, it would be in that ballpark, yes.

TRUSTEE CLUFF: For them to come out and do an assessment of the Kesslen generation?

GENERAL MANAGER SHEA: Correct.

TRUSTEE CLUFF: It was around 3,000 for that one?

GENERAL MANAGER SHEA: Yes.

TRUSTEE CLUFF: And the company you're talking about, they were going to come out and assess all three dams?

GENERAL MANAGER SHEA: All three dams.

TRUSTEE CLUFF: And that would be around that 10 to \$15,000?

GENERAL MANAGER SHEA: Between 10 and 15,000. And then, it would depend on how in depth you want to do those investigations. If we want to drain the river so that -- or send divers in to inspect penstocks and running gear, do we want to disassemble units so that we can determine if the wicket gates, if the -- you know, it depends on how invasive of a testing we want to do on those facilities.

And so, in Bill Clewes' opinion, from the information I've provide, he said we could expect probably about a ten percent increase in generation from all of the recommendations that he's made, and you can throw the questions onto that.

PRESIDENT KILBOURN: Yes. So, possibly a 10 percent increase in efficiency of the existing equipment, subject to an initial review and then a more in depth review of what these costs would be?

GENERAL MANAGER SHEA: Correct. What -- potential -- you know, potential --

PRESIDENT KILBOURN: Costs up to --

GENERAL MANAGER SHEA: Well, one example --

PRESIDENT KILBOURN: -- well over a hundred thousand dollars, possibly --

GENERAL MANAGER SHEA: Correct.

PRESIDENT KILBOURN: -- to achieve the ten percent?

GENERAL MANAGER SHEA: Correct.

PRESIDENT KILBOURN: Or is that just to assess what it would take? That's his initial guess as to what it might cost in total to achieve --

GENERAL MANAGER SHEA: Not in total, no. Not in total. He didn't give us an estimated cost in total as what it would -- he -- his indication was that we could increase our generation by ten percent --

PRESIDENT KILBOURN: Yeah.

GENERAL MANAGER SHEA: -- with recommendations on how to do that, but no total costs associated with what that actually would do -- what --

PRESIDENT KILBOURN: And the 100,000 that you referenced was just for one --

GENERAL MANAGER SHEA: One site --

PRESIDENT KILBOURN: -- site improvement?

GENERAL MANAGER SHEA: That's correct. That wouldn't --

PRESIDENT KILBOURN: One site?

GENERAL MANAGER SHEA: That wouldn't increase generation. That is just a switchboard issue that would upgrade the electrical to the current codes.

PRESIDENT KILBOURN: So, 10 percent is 10 million kilowatt hours, not even?

GENERAL MANAGER SHEA: No. 10 percent is 100,000. We're at a million -- we were at a million last year, kilowatt hours generated, and ten percent of that would be 100,000 additional Kilowatt hours.

PRESIDENT KILBOURN: Any further discussion?

TRUSTEE CLUFF: Just further clarification. Throughout his report that he provided, he said that there was 10 percent increase based on the pond level.

GENERAL MANAGER SHEA: Um-hmm.

TRUSTEE CLUFF: You have that increase?

GENERAL MANAGER SHEA: Correct.

TRUSTEE CLUFF: He talked about 10 percent for generation -- I mean, for the switching gear, the guide blocks. So are these 10, plus 10, plus 10?

GENERAL MANAGER SHEA: Cumulative, yes.

TRUSTEE CLUFF: Or is this going to be just a total of ten?

GENERAL MANAGER SHEA: No. I believe it would be cumulative.

TRUSTEE CLUFF: So every -- every time we corrected --

GENERAL MANAGER SHEA: An additional item we have a potential for ten percent.

TRUSTEE CLUFF: Right.

VICE PRESIDENT BERRY: (INAUDIBLE).

PRESIDENT KILBOURN: Could we move on, then, to the other documents provide by Wright-Pierce?

GENERAL MANAGER SHEA: SO, Wright-Pierce reviewed the options and issues associated with increased generation capacity. For a variety of reasons, not limited -- not at least the limited availability of additional flows, a micro-turbine was determined to be the most feasible and economical option, so this is discussed in Appendix D.

He states: "Based on the flow duration curve contained in the 2011 report, it appears that flows only exceed the listed hydraulic capacity of the current generating equipment about 30 percent of the time. With proposed conditions diverting fish passage flows away from the amount of water that can be used for power generation, this will further lower the availability of untapped river flows to support additional generation."

And these were issues that were raised and things that he was asked to address.

PRESIDENT KILBOURN: Principally at the last meeting?

GENERAL MANAGER SHEA: That is correct.

Wright-Pierce has provided additional information relative to the nature and magnitude of fishways that might be provided under scenarios whereby dams remain. In reviewing the material of this nature, that were provided by Alden Laboratories in 2011, it appeared that the material is still relevant. Hence, this document has been included as Appendix K to the updated alternatives analysis. So that has been added.

Wright-Pierce has conducted an additional assessment into shoreline stability and flooding impacts associated with Alternative 4, the decommissioning and removal. The effort includes conducting additional hydraulic modeling for the segment of the Mousam above Kesslen Dam; particularly where homes exist in close proximity to the river. The HEC-RAS model was run for both scenarios where dams remain and dams are removed using three flow rates corresponding to seasonal low flow, FEMA 100 year flood flows, and a hundred year flood flow calculated by Wright-Pierce based on standardized regression methodologies. The resulting effort is included in Appendix L of the latest version of the report and includes a map with reference locations as well as tabulated predictions of elevations and velocities for pre versus post dam removal conditions.

I'm just going to read what John wrote: "It should be noted that predicted elevation and mean velocities are in regular font." Those are the predicted for those areas where they have surveyed. "Cross-sectional data in italics for those areas where the river cross-sections have been estimated based on observations coupled with larval based topography." And there is -- that Appendix L does address it; the river velocities and the --

TRUSTEE CLUFF: Is that this document?

GENERAL MANAGER SHEA: That's the locations and immediately prior to that document, there is the Appendix L, which there's a chart on there --

TRUSTEE CLUFF: This?

GENERAL MANAGER SHEA: Yes. That's the one.

PRESIDENT KILBOURN: So, I think it would be -- it would be helpful, if you think some of these need to be read right through, that's fine. If you could also just hit the topic and indicate that we had the response.

GENERAL MANAGER SHEA: Sure.

PRESIDENT KILBOURN: -- and if we -- if there's a simple explanation to the response, great. If not, we all had a chance to receive this.

GENERAL MANAGER SHEA: Okay. They did address stream morphology and associated erosive factors. They confirmed a number of main stem miles on the river, reformatted how they presented the decimal/cents for clarity in Section 6, developed and added similar text for Alternatives 2 and 3 in the -- in Section 6 of the report that discusses the impact of costs associated with the various alternatives on a typical residential ratepayer, provided additional correspondence from stakeholders and residents.

They have addressed comments made by the Goose River Hydro individuals that fish passage and re-licensing can be addressed for roughly half the estimated figures. They have

spoken to federal agencies that say comparing requirements for fish passage on the Goose River to those that should be anticipated for the Mousam River is apples and oranges.

They reviewed the financial analysis based on comments from Mr. Kolf, and incorporated some commentary in that regard, adjusted the report to address some apparent inconsistencies identified by Mr. Ashley, reviewed the historic generation and verified that 3,200,000 Kilowatt hours were never, in fact, generated at that facility, revisited the thought process regarding the decision to conduct initial sediment screening at a single location and verify that that was, in fact, correct for screening level sediment sampling, and review of agency comments pertaining to the relative value of warm water versus cold water species.

PRESIDENT KILBOURN: Thank you.

GENERAL MANAGER SHEA: You're welcome.

PRESIDENT KILBOURN: Fire away.

VICE PRESIDENT BERRY: We have approved -- authorized you to go ahead with third-party peer review.

GENERAL MANAGER SHEA: Yes.

VICE PRESIDENT BERRY: If we accept these tonight, this will be included in that review, as well?

GENERAL MANAGER SHEA: That's correct. That is correct.

VICE PRESIDENT BERRY: Okay.

GENERAL MANAGER SHEA: They will review the most recent version of that report.

VICE PRESIDENT BERRY: So, I think the motion that we accept the latest revisions from Wright-Pierce, that it be included in their total report that we reviewed.

PRESIDENT KILBOURN: Thank you, Wayne. Do we have a second?

CLERK JORDAN: I'll second that.

PRESIDENT KILBOURN: All right. Any further discussion?

TRUSTEE CLUFF: Yeah. I just have a question. So, when we asked John to highlight, red line, draw lines through so we knew what the changes were in this report --

GENERAL MANAGER SHEA: Didn't happen.

TRUSTEE CLUFF: -- that didn't happen?

GENERAL MANAGER SHEA: No, sir.

TRUSTEE CLUFF: So now, we have to go through and match it, our last notes, with this document to figure out all the changes?

GENERAL MANAGER SHEA: Unfortunately so.

PRESIDENT KILBOURN: That is why, however, we asked for a summary of what they did and a little bit of detail --

VICE PRESIDENT BERRY: Right.

PRESIDENT KILBOURN: -- so, at least, we can go to the relevant sections.

TRUSTEE CLUFF: But you still don't know, without going through and comparing each document, what was changed. I mean, they gave us a summary, but that summary is only as good as what they put on there. So, it doesn't make it that easy for us to go through, so...

PRESIDENT KILBOURN: Any other discussion?

(No verbal response.)

PRESIDENT KILBOURN: The revisions are accepted.

Whereupon, the motion carries.

PRESIDENT KILBOURN: There's a third document, as well, Todd?

GENERAL MANAGER SHEA: Yes, there is. Are you speaking of the responses --

PRESIDENT KILBOURN: The discussion of -- the discussion of comments.

GENERAL MANAGER SHEA: Yes. Would you like me to breeze through it? Or how would you like me to address that?

PRESIDENT KILBOURN: Well, I think -- I mean, perhaps, we don't need to go through it at all except to say that maybe just to identify the comments that were addressed so that the Board and the public, as they are listening in --

GENERAL MANAGER SHEA: Sure.

PRESIDENT KILBOURN: -- will be aware that all of the questions that were raised by the Board and the public at the last meeting have been addressed and the answers can be found both in these documents and online.

GENERAL MANAGER SHEA: That's correct. So they should check the generated -- comment one was that they should check the generating efficiencies discussed in Section 1. Much of that information was pulled from the '11 report. Some improvements have been completed, like the replacement of the draft tube at Kesslen, and they did do some homework to provide context of likely efficiencies.

Like Jay said, these memos are online -- will be online. I don't believe the memos -- this memo itself is there.

Wright-Pierce should dust off the proposal they sent to Bill Clewes; we did speak with Bill Clewes.

Discuss repairs versus refurbishment as it pertains to Dane Perkins and Kesslen has been addressed.

Review options and issues associated with increased generation capacity under Alternative 2; that has been addressed.

Provide additional information relative to the fishways has been addressed. That was actually an oversight in the last iteration of the report and the Alden Laboratories was intended to be in that document. We have not --

PRESIDENT KILBOURN: It is now available?

GENERAL MANAGER SHEA: It is now available.

We have not gotten confirmation of a FERC representative coming to visit the District.

They have looked at shoreline stability and flooding impacts. The financial models --

PRESIDENT KILBOURN: I'm sorry to interrupt, Todd.

GENERAL MANAGER SHEA: Oh, I'm sorry.

PRESIDENT KILBOURN: Did you say that we do have confirmation regarding a FERC representative?

GENERAL MANAGER SHEA: We do not have confirmation.

PRESIDENT KILBOURN: That's what I thought.

GENERAL MANAGER SHEA: The question was asked whether the financial model contains a placeholder for the cost of mitigation of shoreline stability issues; that's been address in Appendix L.

Discussion of stream morphology and factors should be expanded upon; it has.

KLDP, and Maine Turnpike, and Maine DOT, impacts won't be known until the impact to the elevation and the flows are known. There's still question as to what elevation changes there would be at each of the locations should those facilities be removed and how far up the impoundment the elevations would vary, so I don't have a solid answer to that.

The number of river miles has been confirmed. Wright-Pierce was requested to reformat how they're presenting the decimals/cents. They have done that and that is in Section 6 of the report.

Include similar cost paragraphs for Alternative 2 and 3 in Section; that has been addressed.

Provide additional correspondence of residence. The correspondence that had been provided to me at the date that they revised the report have been included. The report is now up to 217 pages long, I believe.

Generation figures from Albert Kolf have been addressed and will also be addressed in the third-party review.

Comments on Mr. Ashley -- from Mr. Ashley have been addressed.

Response to sediment sampling and why that was chosen behind the Kesslen have been addressed.

Agency comments have been addressed in regard to the relative value of warm water versus cold water species.

Timing, Wright-Pierce cannot address and that is something that we -- the District was not -- unable to reach to have a straw poll in the June elections because of the time of the meetings.

PRESIDENT KILBOURN: Thank you. Great summary.

GENERAL MANAGER SHEA: Thank you.

PRESIDENT KILBOURN: Any discussion on that?

VICE PRESIDENT BERRY: I vote that we accept these responses and make them public and put them on the internet.

GENERAL MANAGER SHEA: Certainly.

PRESIDENT KILBOURN: I'll second that. Do we have any further discussion?

(No verbal response.)

PRESIDENT KILBOURN: All in favor?

Whereupon, all Board members motioned in the affirmative. The motion carries.

PRESIDENT KILBOURN: Thanks. And I'd just like to say, I think this is -- I think we've -- it's the best we've done and very well done to clearly acknowledge every question and to answer every question and incorporate those into the report as needed to be, so thank you for making sure that happened.

All right. Let's -- as we rearranged the agenda earlier on Wayne's recommendation, let's -- let's move to the Board's review of Bill Clewes' assessment of the increased efficiencies with current generation equipment. We touched on it earlier, but let's launch into that.

Is there anything further you'd like to say by way of introduction?

GENERAL MANAGER SHEA: I would entertain, I guess, the Board's questions on that. As I said, Bill did come out and do a review of the site. He visited all three sites and he made some general and some specific recommendations in regard to the facilities.

You know, one recommendation he made would be automated pond level control. We have the Yankee version of that at Twine Mill and David can testify to that, but we could increase 10 percent on those stations if we had automated pond level controls.

Turbine guide block maintenance, renewable energy credits, which NextEra has provided me some information on, and we can potentially pursue those renewable energy credits for our three facilities. They would potentially qualify, but have never been registered as such.

Site maintenance is just basic maintenance that didn't necessarily result in any increases.

Take advantage -- obviously, take advantage of all the water available. Staff is fairly diligent at getting out there and running when we have the water available to us. We don't have engineers on staff to be able to address these issues directly without hiring from the outside.

PRESIDENT KILBOURN: Thank you. I'm just commenting at this time that it seems, I think, there's probably not a lot of action to be taken on this. With that information in hand, if the Board would like to further discuss this and would like to pursue this in the short term, we can certainly discuss it.

VICE PRESIDENT BERRY: I'm not going to jump, but --

PRESIDENT KILBOURN: Okay.

VICE PRESIDENT BERRY: Have you discussed this, the report with our dam person? He's aware of -- was he there during the inspection, as well?

GENERAL MANAGER SHEA: He -- he was there for the inspection of Kesslen. He was doing other things when he -- we were at the other two facilities.

VICE PRESIDENT BERRY: So, he's aware of what's --

GENERAL MANAGER SHEA: He's aware of these issues. Many of these are above his ability to rectify.

VICE PRESIDENT BERRY: That was my -- that was part of my question. Do you plan to address -- how do you plan to address some of the issues that were brought up here that look like they need immediate attention?

GENERAL MANAGER SHEA: The ones that require immediate attention, that we have the capability of addressing, we will address, and I'm seeking out less expensive options to get basic recommendations on what some of these could cost. The one that stands out is the rewinding of the Kesslen generator; rewinding in places much more expensive than sending it out, but that's the only option at Kesslen. So, we're reaching out to some of the hydro folks that work with us on a regular basis to see if they can give us estimates to be able to fix some of the -- the low lying -- to try to increase some of the generation.

VICE PRESIDENT BERRY: Do you have a timeframe?

GENERAL MANAGER SHEA: I would like to be able to report to the Board by next month.

VICE PRESIDENT BERRY: Okay. Thank you.

PRESIDENT KILBOURN: That would be great. Any other comments or questions about this?

TRUSTEE CLUFF: I guess, are we interested in looking at having a further assessment done to find out what he's outlined here? I mean, all he did was highlight it and to actually find out what the true deficiencies are and can we increase it by what he's saying in here? We have to take it to the next level.

GENERAL MANAGER SHEA: Absolutely.

TRUSTEE CLUFF: And are we interested in doing that? Do we have any money left in our accounts to do that?

GENERAL MANAGER SHEA: This isn't a business meeting.

PRESIDENT KILBOURN: Todd, do you want --

TRUSTEE CLUFF: Well, we've been good --

GENERAL MANAGER SHEA: I don't have an answer as to whether or not we have the money right now. We have -- you know, we have been spending a fair amount of money on assessments and reports. I would like to try to get a better feel of what kind of money we're looking at spending before I tell you we can afford to do it.

TRUSTEE CLUFF: I would agree.

VICE PRESIDENT BERRY: What's the choice? What's the choice? On some of these items that were highlighted by Bill Clewes --

GENERAL MANAGER SHEA: Yup.

VICE PRESIDENT BERRY: -- what's the choice? Some of them we have to address.

GENERAL MANAGER SHEA: Some of them we should address. Some of them can continue to operate as -- as we have been.

VICE PRESIDENT BERRY: Okay.

GENERAL MANAGER SHEA: I guess the answer is, you know --

VICE PRESIDENT BERRY: Until they fail.

GENERAL MANAGER SHEA: Until they fail.

VICE PRESIDENT BERRY: Until something fails.

GENERAL MANAGER SHEA: And they - the District does spend a considerable amount of money -- or, I guess, it depends on what considerable is -- we spend a fair amount of money just making sure these facilities continue to run. Diagnosing some of the problems that are in -- that are -- like Kesslen, there's been no -- from members of the public who pay attention, that Kesslen didn't run for quite some time. Well, diagnosing what the problem was, was more difficult than fixing the problem itself. It was a \$12 capacitor that just was -- didn't have the voltage that it needed to meet -- to generate power properly, and so it was down a fair amount of time, maybe a week, two weeks, until somebody could get onsite to tell us, okay, this is what the problem is; a \$12 capacitor. We have another one on hand now, just incase the same problem happens again, to be able to take care of that.

There's been relays that have gone. There have been, you know, breakers that have tripped. It just -- one thing after another and it adds up to lost generation. You know, whenever we're not putting water through that penstock, we're not generating electricity. They're just sitting there doing nothing.

And, as stated, Wayne Condon is our hydro operator. He's not a hydro engineer. He does everything he can to keep those -- that equipment running, but it has been -- it's long overdue for some major investments in those and that's part of the decision the Board is making right now.

PRESIDENT KILBOURN: So, ultimately, we can't really make that decision without some good information.

GENERAL MANAGER SHEA: Absolutely.

PRESIDENT KILBOURN: On the other hand, if the information itself is going to cost us 10 cents a kilowatt hour, it may not be worth getting the information. So, I think, you've got to thread the needle here, if you can, Todd.

GENERAL MANAGER SHEA: Okay.

PRESIDENT KILBOURN: And get us into a zone at the lowest possible cost, where we can make some intelligent decisions about whether we should spend some additional money on this or not.

GENERAL MANAGER SHEA: Absolutely.

PRESIDENT KILBOURN: Do you think you can accomplish that?

GENERAL MANAGER SHEA: I will do everything I can.

PRESIDENT KILBOURN: Okay. I think -- I mean, I think that's where you were going?

TRUSTEE CLUFF: Right.

PRESIDENT KILBOURN: All right. Any further discussion on this? It's certainly something we can take up again next month or in several months when information is available. I will say, it doesn't seem as though it's going to -- when we're talking about 10 percent of a million kilowatt hours, it doesn't seem as though it's going to be a significant factor in the broader decision that we have to make, but it may be prudent -- it certainly is prudent -- to get the best information we can and make the best decision we can about issues.

TRUSTEE CLUFF: It's not just 10 percent.

PRESIDENT KILBOURN: Yeah.

TRUSTEE CLUFF: It's 10, plus 10, Plus 10 over all three dams, so it could be more.

PRESIDENT KILBOURN: That would be great.

TRUSTEE CLUFF: It would be. I don't hold any hope, but...

PRESIDENT KILBOURN: All right. Any further comments on that?

(No verbal response.)

PRESIDENT KILBOURN: Okay. I see none. I think we can move on to the next item. It's the item we've all been waiting for, so I would like to introduce this item as just -- I guess -- turn to the folks from the public. We're here tonight and first, I just appreciate

The respectful way that this process has been handled over the last several months despite strong passions, and I have complete confidence we can maintain that tonight. I think all the Board members feel that there's a great deal of pressure to do the best thing that we can, and so we would appreciate your continued respect of us in the process, as well.

So, just a few reminders: I don't know that the Board really needs this reminder, but, again, we are broadcasting tonight, and I think there continues to be folks who haven't stayed up to speed on this process. So, we are a board of trustees elected by the Town of Kennebunk voters to serve our ratepayers and our mission is to reliably provide, at the lowest cost, electricity in a safe manner; to put it in a nutshell. We aren't selectmen running a town meeting form of government. We are managing a public utility, so it's a business. Beyond power rates, there are things that we are required to consider, safety and many other factors of operations, as well as environmental impacts of this business that we operate on our ratepayers' behalf. Really, Todd operates it. (INAUDIBLE).

We aren't required by the law or the regulations of our charter to consider many of the things that are of concern to us and to the public, so we've done our best to do so with the limited resources that we have. We have a small staff and we're really focused on running a utility.

So, to summarize the position we're in, we are required by our license and law to file our Notice of Intent with the Federal Energy Regulatory Commission next March, 2017, due to the fact that our licenses for our three dams are expiring in 2022. We deliver about 100 million kilowatt hours per year of electricity to our customers, and buy 98.5 percent of that, more or less, and our customers are located in Kennebunk, Arundel, Lyman and Wells. You'll note that those aren't necessarily the folks that vote for the trustees, so there's an interesting disconnect between the ratepayers in this instance.

Our price that we purchase that power for currently about 8.2 cents per kilowatt hour -- I'm sorry, average of about 8.2 cents per kilowatt hour. At the moment it's 10 and one-third cents a kilowatt hour delivered to our system, and we have a cost of delivering it to the public.

Our hydro plants, obviously, produce about one-and-a-half percent of our power. We meet the legal requirements for 30 percent renewable energy content in our portfolio by buying power from qualifying facilities or buying Class 2 renewable energy credits. All this is through NextEra, our power supplier.

If we choose to continue to own and operate the dams under any scenario, we will continue to be regulated by federal and/or state agencies, and as best we can tell, we will be required to take action on environmental issues, that has recently been confirmed by our attorney, including the installation of fish ladders. So, that's the background.

Now, I'd like to turn to all of us for an opportunity to deliberate. I do have -- we've been at this a long time. I have prepared some comments and my views on this. I think some of you have seen some of those notes, but I would like to go through those in some detail and I welcome other members of the Board to do so. I think it's an opportunity both to express where we think this is at right now and what facts lead us to that conclusion. So, that's what I intend to do.

I'm going to keep it to hopefully 10, at most, 15 minutes, and an opportunity for everyone on the Board to do the same or not, but I think it's important.

I personally have spent 30 years in business and environmental services, so I bring that to it. I think we all are basing our views on this on the extensive engineering and professional reports that we have received. Most of us don't have the expertise to do this on our own. I certainly don't. But what I'd like to see is that we do right by our 6500 ratepayers and not only those who are outspoken on either side of this issue.

So, soon we do have to decide the fate of these dams. Although we have looked at five options for the future, I believe that essentially our choice is between what we've been calling Option 1 and particularly 1(b), dam re-licensing and some upgrade, and all of the related conditions that we would have to fulfill, and Option 4, the removal of the dams. I personally think that Options 2 and 3, for a number of reasons, really don't offer us much, but I don't think we need to make any decisions tonight or in the immediate future.

I relied on Table 6-2 in the Wright-Pierce report, because, I think, that the analyses there are the most likely assumptions that will apply, but I do know that we've made quite a few assumptions in coming to some of our financial analyses through Wright-Pierce.

So, with that said, I would like to focus on the financial first. I think to determine the best choice here, like good Mainers, we need to look at the money. Kennebunk Light & Power District has about three million dollars currently available in bonding capacity that was prior approved by our voters. We must pass any further borrowing on in our rates to our customers, and I believe that there are at least -- at least four competing demands for our capital to be used on behalf of our ratepayers.

The first, I think, is if we could borrow some or all of the three million dollars to invest in upgrading our antiquated infrastructure, like the Water Street substation, and many other things, to ensure that we continue to have reliable service that we are -- our staff is known for, and for safety reasons, which, I think we would all agree, is very important.

Second, demand on our resources. We could spend two-and-a-half million dollars to remove the dams, complete the river restoration, and I suspect this number is probably on the high side, because grants are likely available to assist in this regard, but I'm looking at the high side number.

Third, we could invest in solar power, local and independent. We could possibly partner with a third party. We've had a number of initiatives come our way and we could take the time in a more formal manner, probably leverage better rates with investment of some capital.

And fourth, we could re-license and upgrade our hydropower dams. The cost in the more expensive, the high side figure in our engineering estimates, is 16 million dollars total cost, 10 million in net costs. I used the high side figure, again, 'cause I figure it's the most likely.

I think whatever we do we've got to make the best use of our capital and here's a few additional financial facts: Preserving the dams costs three to six times as much as decommissioning the dams depending upon which of the four selections we make. Dam preservation also would require voter approval to increase our borrowing limits by at least a

million and maybe three-and-a-half million dollars. So as long as we retain control of the dams and if we pursue this -- in that direction, we have an issue of financing.

The dams would still only deliver about one-and-a-half percent of our power needs, but the cost of that hydropower, that million or so Kilowatt hours, would, after investing in the license and the required mitigations, would be two to two-and-a-half times the cost of both the grid electricity that we buy today and the likely cost based on market rates and some of the indications we've had of solar -- direct, without investing in solar.

So, as everyone knows, higher costs would be a burden on everybody. Electricity is one of those things that's a necessity. It's not an option. Higher costs are particularly hard on people with fixed incomes, seniors, lower income folks, and they're also particularly hard on our highest volume users. Our study did not actually address our industrial and commercial ratepayers, but obviously, if you buy more electricity, the pennies add up.

Also, new costs would be allocated in a way that I believe isn't really fair; relative to the benefits. If we did retain the dams and spent the additional money, all the ratepayers in all four towns would be billed the extra for that, and an average ratepayer would pay an additional \$24.30 per year based upon the bonding costs. These are the numbers based on the subset of options that I chose. I think they're reasonable. The other options would have different precise numbers, but the basic split would be the same.

The impact on our industrial, commercial and municipal agency customers, for example, the Town, the Sewer District, the Turnpike, and so on, would be significant; coming, North East Coating, Hannaford, RSU21 and the Town. It's estimated that over 20 years, depending on which customers we actually look at, the total increased costs per customer over the 20 years total would be from 80,000 to one-and-a-half million per customer, and this cost is about two-and-a-half times greater than the anticipated increase for dam removal. So, I'm not trying to say that -- that one is a free ride. We're looking at spending two-and-a-half million, even if we just remove the dams. That's a cost. There is a payback.

I also want to address risk and uncertainty. These models are based on the best avail data that we can get at the price we can pay. The longer the period of time that we make assumptions over, the less certain the assumptions are with a lot greater risk. So, in this particular case, the decommissioning option presents the least risk, because the activity and the costs are directed in the short term. We've made some, I think, reasonable but pretty long term assumptions about inflation and cost of energy, and those have a bearing on these costs one way or the other as we know; higher or lower.

We also have a staff opportunity loss. We don't have a lot of project staff sitting around waiting for something to do. We're behind on a number of things, we're ahead on a few things, and this process is time consuming. There are some very important things that our staff could be doing if we can bring this to a close.

And overall, the dams and power plants, from an economic perspective, are just plain old. The scale of the river, in my opinion, from everything I've seen, and I'm not a hydro expert, but I guess I'm becoming somewhat of one -- the scale of the river is really inadequate to support efficient hydro and it coming into the modern world. They're ninety plus years old.

So, you know, looked at in isolation, the financial analysis, to me, makes a pretty compelling case about what we ought to do. And, frankly, I don't see -- you know, I've looked at a lot of business opportunities in different capacities, usually there is an upside and a downside. You're trying to find a sweet spot and you make your best judgement, you know there's risk, and you go forward.

In this case, based on what we were looking at, I'm not seeing an upside. I'm seeing, we could be wrong and there's a downside. Now, I suppose if some of these estimates that we're looking at are wildly high, and we have a great deal of work here, there could be an upside, but it's all additional expenses the way I look at it.

But there are community and environmental concerns that we should be looking at, such as property values, recreation, scenic views, renewable power, climate change, river health, species diversity, and the fresh and saltwater fisheries. These are not our expertise. We're learning about them. They're not even, really, our responsibility, to the extent that it's not mandated.

And, I would say, that in all these matters, I have a great deal of sympathy for the fears and concerns of my neighbors and, frankly, my friends who live along the river. I'm sure we've all had conversations with lots of individuals. There's no doubt that the folks who live along the river would face a change in the appearance and use of the river if the dams were decommissioned. And if the reason that they live at their properties is primarily because of the Mousam River pond above the dams, they would be very disappointed and, as we've heard, they might no longer swim in the same place, or at all, in front of their house; in the same place that their grandchildren now do, as I remember some testimony. The scenic views would change. There's a great deal of uncertainty about their property values, and these are all very legitimate concerns.

I do also understand the concerns and hopes of many of our residents and environmental experts and advocates who believe that we have a unique opportunity to restore a long abused river. And they've explained to us that the removal of the dams would bring us a river that is healthier, with fresher water and populated with wild and migrating species; some from as far away as Bermuda. They envision great fishing, and kayaking, and outdoor use for more enthusiasts. And there's been a great deal of evidence provided about the Gulf of Maine fishery, and the freshwater fishery, and the necessity of those for both commercial and recreational use.

So, looking closely at those issues, this is what I understand, and I'm just going to get to the highlights of these issues. Regarding property values, perhaps the number one concern for folks who live along the river. This is a tough one. I mean, the studies indicate that there's a great deal of uncertainty about property values. In the short term, certainly. And over the long term, still some uncertainty. I personally believe from what I've looked at, but I am not a specialist, that long term values will not likely suffer. They will -- there's a great deal of value in the river in a free flowing form.

Regarding the river characteristics and the mud, the engineers tell us that the water quality and odor will improve, the volume of water flow will remain unchanged from today, the volume. There will be pools, and rapids, and broad stretches, and shallow stretches, and channels and ponds, but they won't be the same that we're looking at today. When I want to get a

sense of what it might look like, I've looked below the bridge, I go to Winter's Mill Road Bridge and look there. I've canoed in areas where there is no impoundment.

So, it's true that the existing uses and conditions will change. There's no doubt about it for abutters, for recreational users. The muddy areas will re-vegetate quickly, and they can be restored with additional, intentional plantings. And I believe that the photos and statements that give us the impression that the entire zone of the river will be mud are just inaccurate. I'm sure not intentionally so, but I believe that they are inaccurate.

Regarding fish and wildlife, Kennebunk Light & Power District will be required to provide fish passage in the river no matter what we choose, in my opinion, and the least cost way to achieve this with the least risk of failure, namely fish ladders sometimes don't work, and your expenses get much greater, the least cost way to get fish passage -- say that five times -- is to decommission the dams. And there are great benefits to enabling fish passage. We've heard about improved health in the Gulf of Maine and local commercial fisheries, improved fish habitat spawning for nine miles of the river, and it's still nine, improved conditions for diverse wildlife, not only the wildlife that is thriving there now, but it will include those, those species, and it will improve recreational fishing. Environmental agencies and experts, as we just learned through Wright-Pierce, do continue to advocate for restoration of cold water ecosystems as opposed to the warm water ponding that we have today. It's not to deny that there is an ecosystem there.

Regarding renewable power, and a lot of people have brought this up, and I'm, frankly, thrilled to hear that, because I think, to me, it is one of the most important things we can address as a board. I hoped, when I joined this board, that we would be able to make more progress and I hope we still can, but if we wish to expand renewable power and reduce the impacts of climate change, or at least do our part, we have many more affordable choices than retaining our hydro power. If that's our goal, we can negotiate a public/private partnership with solar providers or we can simply purchase renewable energy at market rates, and right now, with renewable energy credits, it's cheaper than re-licensing our dams according to the options we have. These two options offer large quantities of power well below the cost of future hydropower.

If we wish to expand our renewable energy portfolio today, we can do that. We can buy more renewable energy credits, we can buy more directly from qualifying facilities, and our renewable energy credits start with a Class II -- If I'm correct about this, I believe it's a tenth of a cent per kilowatt hour. That's what we're paying now in our portfolio.

Also, our individual citizens who care about this, can buy the Village Green upgrade to the power that they purchase and we are purchasing renewable energy credits to back up their purchase. So, individuals who are concerned about renewable can buy it.

I think I mentioned water quality already, so I won't repeat it.

I'm interested in the river views for folks who don't live along the river, and I -- you know, I've been driving back and forth across that bridge a little bit recently, and it seems to me, that unless you're in a tractor trailer, with the way the MDOT built that bridge, you really can't see much anymore, so you have to walk across the bridge to see it. I like the views of the river with or without the dams, but it's pretty hard to see now and I wish we had done something about that sooner.

The sewer, the needs of our sewer system for flow will not be negatively impacted. We checked and double checked this both through the Sewer District and through our engineers.

Erosion and flood, these are the last two items. There are many more, I think, but, to me, these are the more critical ones. We've just gotten an to our assessment on flood and erosion from Wright-Pierce, and net/net -- remember that the dams are not licensed or used for flood control, and flood risk is definitively reduced in the flood sensitive areas of both the Route 1 dam without the dams according to the latest report. They are less detailed about the erosion matters. They described in some detail what they do know and indicated that there are some squeeze points that would need to be further studied and addressed. And with regard to erosion, I think we all know that we are -- if we were to remove the dams, we would responsible for the mitigation measures necessary to protect private property from damage.

So, if you haven't already figured it out, this is my view: You know, I've given a lot of thought about this. I've lost plenty of sleep over it, and given our responsibilities and the information that we have today, it seems to me that we need to start taking steps towards decommissioning. I think it's in the interest of all our ratepayers. The documented costs are by far the lowest and I would only say that if additional information becomes available as we go along that would significantly change the nature of either of these ancillary issues or the quite basic financial picture, I would certainly look at it again and consider -- and continue considering it until we have made a decision.

So, lastly, I think the role of the Town requires a little bit of addressing. There's been a lot of talk about referendum, about who gets to decide, what will the Town -- what could the Town's role be, and I mentioned it at the beginning of my remarks that there are some opportunities for the Town to action on this matter.

Clearly, the responsibility is ours, to make a decision. However, the scope of the Town's authority is broader than ours in this community. They -- they consider many other factors; scenic beauty, parks and recreation, historic preservation, economic development, broader environmental concerns even than we. And if they chose to step forward and take responsibility for the costs and challenges of maintaining the dams and some form, one or more for nonelectrical purposes, there is time for them to evaluate and to do this, certainly.

Our notice is next March, notice requirement, and I think we should give them -- at least give them the opportunity to address this. And, it seems to me, the only way we're going to give them that opportunity is if we make our decision as soon as possible if we can so th at they have time to discuss it with the public, have a referendum if they choose to do so, to determine whether there are actually resources available through tax payers to address some of these costs that we've just been talking about. And I, for one, would be more than willing to entertain any proposal that the Town came back with to this board about that. And I note that in the Wright-Pierce report, I think it's still Chapter 5-1, there is a procedure to accomplish this. They addressed this issue.

So, that would be my -- my urging to this board would be that we have as much discussion as we can and need, that we secure additional information that may be, at a high level, relevant to the basic decision, and that we proceed, if we can, to make a decision in June. The clock begins to tick month by month and there becomes less and less time for the Town or others

to take advantage of an opportunity that might be there once we make a decision. I think we are -- we are responsible for the first decision.

So, thank you for bearing with me and listening --

CLERK JORDAN: Thank you, Jay.

PRESIDENT KILBOURN: -- to me. I appreciate it. And the floor is certainly open to all trustees to comment upon that or say anything you like.

CLERK JORDAN: I have something to say, but I have to hit the head first.

PRESIDENT KILBOURN: I'm glad you laughed, but it's true.

CLERK JORDAN: Yeah. I'll be right back.

(Whereupon, Clerk Jordan left the meeting)

TRUSTEE CLUFF: Thank you, Jay, for your comments. I agree with some of your comments and I disagree with some of your comments. I thank you for sharing them with us. I do have a question for -- just a clarification on one of your numbers, if I could.

PRESIDENT KILBOURN: Sure, yeah. I'll do my best.

TRUSTEE CLUFF: Todd, what is our total borrowing bond limit?

GENERAL MANAGER SHEA: Six million.

TRUSTEE CLUFF: Okay. And of that, approximately, we've used three million?

GENERAL MANAGER SHEA: Correct.

TRUSTEE CLUFF: So --

GENERAL MANAGER SHEA: Just about three million.

TRUSTEE CLUFF: Right.

PRESIDENT KILBOURN: Not exactly, but...

TRUSTEE CLUFF: Right. As a ballpark?

PRESIDENT KILBOURN: Yeah.

TRUSTEE CLUFF: So we have about three million dollars left that we can use before we have to go to the voters and ask for an increase or ask them to approve whatever we're going to do? In you --

PRESIDENT KILBOURN: That's how I understand it.

TRUSTEE CLUFF: That's how I understand it, as well. In here, on your third page, I guess, the paragraph where you talk about increase our borrowing limits from one to three-and-a-half million, that would not -- if you were to pick -- if we were to pick the highest

option that you said, 16 million, then that's not correct, because we would be looking to borrow a lot more, so --

PRESIDENT KILBOURN: Okay.

TRUSTEE CLUFF: So, I just -- I'm just looking for clarification on what your meaning was for that.

PRESIDENT KILBOURN: Yeah, it's a good question. I drew that from the financial analysis, which was Section 6, and there were the four options at the end of that section. It spelled out how much we would have to bond for each of those options. They actually did a projection of when the costs would be incurred and what we would have to do. They didn't -- we don't have that -- I don't have that table in front of me, but I believe that's where I -- I know that's where I drew the number.

TRUSTEE CLUFF: All right. So if we -- if we went for the 16 million dollars, just talking in reference to what you had referenced, we only have authority to bond 3 million ourselves, so the other 13 million, we would have to go to the voters for?

PRESIDENT KILBOURN: Yeah, so the 16 million comes from Table 6-2, which is -- and it is -- so that's the two percent cost inflation, one percent growth and energy prices, and it is looking at 1(b) re-license the sites, the higher range that the engineers (INAUDIBLE) -- so that is 1(b). And Option 1(b) they indicate, and I'm not finding it at the moment, but they do say how much they expect we would have to borrow, I believe. "A bond of the value of 6.5 million dollars to achieve Alternative 1(b), and that's on Page 6-5.

TRUSTEE CLUFF: Um-hmm.

PRESIDENT KILBOURN: So that would be three-and-a-half million over our remaining capacity. That's where I got it. And each of those -- I'm glad that Wright-Pierce did fill out, as requested, the additional options with the full detail, because in each one they spelled out what they believe we would have to secure in bonding -- in a bond to obtain the result. So, Option 4 they say the bond value of 2.5 -- 2.6.

TRUSTEE CLUFF: So the 16 million is the repay?

PRESIDENT KILBOURN: It's the total costs --

TRUSTEE CLUFF: Right.

PRESIDENT KILBOURN: -- over time.

TRUSTEE CLUFF: The debt. All right. So that's what I'm looking for the clarification.

PRESIDENT KILBOURN: Yeah.

TRUSTEE CLUFF: So I got that.

PRESIDENT KILBOURN: Yes.

TRUSTEE CLUFF: Thank you.

PRESIDENT KILBOURN: That's right.

TRUSTEE CLUFF: So further on that, at this -- thank you, again, for your comments, but at this time, I'm not ready to discuss what I believe we should be doing. Based on our discussions tonight, we still have information that we're looking for and that were received. Before I make my decision, I want to make sure that I have a hundred percent of all of the facts in front of me that we requested and that we can review, so that when I do make that decision I have everything behind me to support that. So, at this point, I'm not ready to make any further decision on where we go tonight.

PRESIDENT KILBOURN: Thank you for that. Fair enough. I think it's -- my hope is that any conversation that we have tonight might help us to identify, based on where we sit right now, any further research that we feel we really need to do to make a decision. So, if any of my comments helped to spur that along, that would be great. I don't -- I think it's fine.

TRUSTEE CLUFF: I think your comments, you know, like I said, some of them I agree with, some of them I don't, but it definitely helps to move that process forward and I thank you for that. But some of the reports that we're still looking for I need in order to come to that conclusion on which way we should go.

I would also like to see us open up a dialogue with the Town, because, depending on the pathway that we go, you know, I don't want the Town to be working against us. I want to be working together with the Town. Because either way, whether it's a ratepayer paying or a taxpayer paying, I want to make sure that we're doing it wisely and thinking of their dollar on both sides, so I would like to see us open that dialogue with the Town sooner. Is Barry still here? So, you know, hopefully Barry can reach out to his board and see if we can get that set up between Barry and Todd, that we can get that set up so that we can have that dialogue sooner than later.

PRESIDENT KILBOURN: Could you clarify that? Are you suggesting that we do it to get both boards together or to continue the dialogue we've have between the -- both entities?

TRUSTEE CLUFF: I think we need to know where the Board of Selectmen are with this and do they have everything they need from us, and what their decision is, where they're going to go based on what we do. I mean, if we decide that we're going to take the dams down, and the Town doesn't want that, then we're going to be fighting against the Town; is that, you know, the pathway we want to be going? I don't know, you know.

The same way, if we decide to keep one dam and take down two dams, where is the Town sitting on that? The Town is hearing from the residents as well, as we're hearing from the ratepayers as well, so I just want to make sure we're on the same page and we're working together. So -- maybe we're not going to be able to. You know, based on the facts that we have and the decision we have to make, based on our ratepayers, we'll end up going different directions, I don't know, but I just want to make sure that we have everything in front of us.

PRESIDENT KILBOURN: Yeah. Well, I want to make sure that my remarks didn't sound like I think it's a good idea to pass -- just to pass the costs onto the taxpayers so that we can avoid charging our ratepayers. You know, from where I sit right now, I don't think it would be a wise decision for the Town to take it on either, but that's not for me to say, but that would be my opinion.

And then, with regards to your second point, I think it's a good one. I personally have been struggling with, and I know Todd has, probably all of us have, how do we best coordinate things with the Town? And I wouldn't want my view on how we should proceed to be -- to become in opposition to the Town, because I think, based on conversations that I've had with the outgoing chairman of the Board of Selectmen, and other conversations, including with Barry, but not with every board member, it's my sense that it would help them to determine what to do if we would give them the sense of what direction we're going, so that they can either come back to us and say, well, you know, here's what we could do. Why don't we do it this way. Or they can take a pass and let us make a decision. That might not be the best way to go, but it's certainly not my intent to get into a conflict with the Town just to find a pathway.

TRUSTEE CLUFF: I agree with that. I've been on this board for eight years now, and probably six of the eight years we've been dealing with the dams and trying to struggle through this. In the beginning it was -- it seemed like we had an idea of where we were going. That path has changed dramatically from when we started and the amount of information that we've received on this, it's almost overwhelming on all the different avenues and all the different pieces that we're looking at, and the financing, and everything that goes with it. So, you know, hopefully at the end we come to a conclusion as a board that is best for the District, and the ratepayers, and the community, and, I guess, I'll leave it at that for now.

PRESIDENT KILBOURN: Okay. Are there any other comments, at this point?

CLERK JORDAN: Can I comment on a couple of e-mails that I received this morning?

PRESIDENT KILBOURN: Sure.

CLERK JORDAN: I don't think --

PRESIDENT KILBOURN: I think this is open -- open conversation. Anything about the subject --

CLERK JORDAN: And hopefully I don't bastardize her name. Jessica Gerard or Gerard, is she here tonight by any chance?

(No verbal response.)

CLERK JORDAN: Okay. She sent me an e-mail and she was concerned about the bias and the process, one way or another. And I got thinking about that and I said, there absolutely is a bias in this process. And, first of all, it starts with the fact that the sheer amount of money you have to pay just to put the license in. That adds a couple of million dollars, in terms of just trying to renew the license, okay. That's really kind of pushing you -- it's already kind of leaning you towards, all right, should I bust them down or do I put them back up again? On top of that, they come back with a set of things you have to do in order to get your license, and again, multi millions of dollars, so we're taking this project -- and it's definitely slanted towards taking down the dams.

The second instance we came across, is we went to a workshop that NOAH put on. I think MKRA sponsored us. I think we did it in our kitchen over at the other place, and they said, oh, the NOAH -- they said there's all types of grants available for this, for this project. We all said, great. The trustees would go up to them and say, can we get money to help, you know, for the process itself? Oh, no. We don't have any money for that. Okay. Well, do we have money

for compliance issues on the other end, you know, to help out with fish ladders? No. We don't have any money for that. It turned out, all their grant money, it's only for if you want to take down or breach a dam. Now, this kind of surprised us, okay. So if we -- it's kind of working against you, you abutters and stuff like that.

And the third thing I came across, and if I have missed the bar on a fact on this one, we had good Senator Angus King in town for several hours at one point, and we kind of complained about the process, complained about the cost, complained about everything else, and I think he walked -- like, he was going to go walk into Washington and go fix this problem, and I don't think we've heard from him, have we?

So, every time we -- every indication that people -- it looks like -- I don't know if it's an administration approach or if it's -- I don't know, but it seems like there's a lot more reasons out there -- resources out there if you want to tear them down than they want to keep them in place (INAUDIBLE) that point.

So, that was just my two cents. I was thinking about what -- 'cause I have encountered that several times over the last couple of months, people saying is there a slant this way? And the slant is not the Board. The slant -- we've been -- this is the first time we're airing out our own opinions and we've been dealing with this for six years, okay. I mean, clearly, this is something at the federal and some at the state level. This is not -- we've kept an open mind over the whole thing. We've listened to everybody. I've been at the coffee shop, there's been things in my neighborhood, but the slant is definitely against -- against hanging onto the dams.

PRESIDENT KILBOURN: Thank you, Mike.

TRUSTEE CLUFF: (INAUDIBLE).

VICE PRESIDENT BERRY: Just a comment about what Mike said. If there is a bias, I don't think it's on the part of the Board, other than the fact that we are fiduciary responsible for our ratepayers and the money that we have to -- that we have sitting in our savings account that we have authority to borrow. Yeah, so there is a -- there is a slant from regulatory agencies, wherever they are, to make it easier to remove the dams than it is -- or less expensive than it is to actually keep the dams no matter how long they've been there.

TRUSTEE CLUFF: Wayne, is your mic on?

GENERAL MANAGER SHEA: The light is on.

VICE PRESIDENT BERRY: Yup. The lights on.

TRUSTEE CLUFF: They can't hear you in the back.

UNIDENTIFIED FEMALE SPEAKER: Get closer to it.

VICE PRESIDENT BERRY: So, there is definitely a slant from the regulatory (ph) point of view -- regulatory point of view, that it's less costly to take out the dams than it is just to simply remove the license. If I go to the -- I don't even have to go to the Department of Motor Vehicles to renew my driver's license. I can do it online for 30 bucks. We're asking to renew a license that's existing, been existing, the dams have been existing and they want to charge us

millions and millions of dollars to do this. It kind of boggles my mind. I'm not going to go down that road right now.

I do have a couple of -- a couple of comments on Jay's comments about one of the things you talked about was the -- in keeping the dams, and going with 1(b), we'd be looking at two-and-a-half -- two to two-and-a-half times the cost of electricity right now. That's based on -- on what we knew about current production levels. When we were talking about -- when you were talking -- thinking about this. The information that we've learned tonight tells us that that may be even higher than that, 'cause we have -- we have repairs requirements that we're going to do that are actually going to push those costs up whether we re-license or not, no matter how long we keep them.

And the other --

PRESIDENT KILBOURN: Right.

VICE PRESIDENT BERRY: The other comment I have, we talked about we have mitigation costs for erosion control, or taking of whatever may happen if we do take the dams out. We have not had any estimates on those costs, right? We've had an assessment of, use to call them "finch [sic] areas", right, that we may have, but we have not done that.

So, when Duffy talks about unanswered questions, there are a ton of unanswered questions. I have to say that a lot of the questions that we'd like to have answers to, we're not going to get until we get to the FERC level. We don't know what they're going to tell us, so -- and we don't know what it's going to cost us. You know, all we've had is estimates on what it has cost other facilities to be re-licensed, or to be decommissioned, as you call it.

When we talk about the alternatives that we have, going to those four alternatives tonight, Alternative 4 really isn't talking about taking down the dams. It's talking about surrendering the license and cessation of generation of power. Now, when --

PRESIDENT KILBOURN: I believe the cost of taking down the dams is included in --

VICE PRESIDENT BERRY: Oh, no. I'm not saying it's not included, but what I'm talking about is --

PRESIDENT KILBOURN: Okay.

VICE PRESIDENT BERRY: -- that is not -- that is not what our choice is. Our choice is to file a Notice of Intent with FERC to surrender the license and cease generation of power.

Now, if they come back and tell us it's an unknown, whether they will or not, but if they come back and tell us, oh, yeah, you've got to take down the dams immediately, well yeah, we included that because that's what Wright-Pierce has found to be a likely outcome. It's not a guarantee.

I mean, we could hope that there's a dam fairy out there that says, oh, yeah, you can give us back the license and stop generating electricity, but you can keep the dams, okay.

PRESIDENT KILBOURN: Yeah, okay.

VICE PRESIDENT BERRY: So -- but I just -- I just care about this. This is not --

PRESIDENT KILBOURN: I think if --

VICE PRESIDENT BERRY: The entire process is not saying we're going to take down the dams. The process we file says we're going to give you back the license. Here, you keep it. We don't want it anymore. We're not going to generate electricity because it doesn't make any sense economically or whatever the other reasons are, okay. Then they may come back to us and say, okay. You've got to take down the dams or you don't have to take down the dams, but we have to put in fish passage, you know. Or, you know, who knows what -- who knows what else they'll come back with. What we do know is that whatever they come back with is going to cost us more money than what it costs us to just file that first letter that says this is what we intend to do.

So, the unknown -- I'm with Duffy. There are a lot of unknowns that I think we can get answers to, that I think we're working on getting answers -- a few more answers to. For me, there's a lot more unknown answers that we won't know until FERC comes back with their answers, or their suggestions, or mandates, whatever they are.

So, at this point, I'll have to say -- from my point of view, I think we need a study; the value of what we're generating for electricity right now and what the added cost might be to continue doing that. And we're not done with re-licensing. I'm just talking about getting us back to speed as to -- this Clewes report tonight shed a lot of light on -- on where we actually stand today, and I think, once we get some -- more -- Todd gets some more answers back in that direction, that will give us a little more -- I've always -- I've always questioned what is the cost of generating electricity. Because we've -- there have been -- for years, we've never included certain costs, so if somebody asked me today, how much does it cost? I don't know, you know, somewhere between here and there.

So, I'm not ready to make a decision. A long story short.

PRESIDENT KILBOURN: (INAUDIBLE). Thank you, Wayne.

CLERK JORDAN: I am going to --

PRESIDENT KILBOURN: Speak up.

CLERK JORDAN: -- speak. As many of you may or may not know. I'm up for reelection, and I don't want this to become an election issue. I'm going to tell you what my thoughts are.

VICE PRESIDENT BERRY: Let's make it an election issue.

CLERK JORDAN: I don't want to be hiding behind it just to get reelected. My approach, guys, is basically, you know, if I was a -- if I was a non-trustee and you gave me the option of keeping the dams or not keeping the dams, I would say, let's keep Kesslen, maybe get rid of the ones that are out of sight, out of mind. It's a pretty little water feature in downtown Kennebunk. It's kind of cool. A river is fun, but a dam is, like, really, really cool.

But then, if you told me I had to pay between 10 and 16 million dollars to maintain that view, and I have to ask where it came from, it turns out it's going to be the Kennebunk Light & Power District's ratepayers -- now, if I turn on my Kennebunk Light & Power District hat, okay, I'm pretty sure, if I told my 6500 -- 6500 customers, okay, that if -- for 16 million dollars, we can

buy -- we can generate some fairly expensive electricity and keep our dams, and you're going to be paying more for it, I would bet a majority of them would say, no thanks. I'm not paying -- paying for a dinosaur.

And then, one other thing, just before I walked in, I -- some of you are signed up with this change.org, the Mousam -- Organization Mousam, and they've signed a petition to try and keep the dams, and I have 6500 customers that I'm fiducially responsible for, but as of right now, there's only 370 people signed up, not to minimize these people, the abutters and everything else, but I have to think of the greater good, okay. I've got to think for the 6500 not the 370 that have already stepped forward to save the dams.

So, in a nutshell and in the absence of any information, I would make the recommendation to the Board that we decommission the dams and/or breach the dams. So, that's my stand right now. That could change. I'm going fishing with two abutters for two weeks -- well, no, a week-and-a-half next week, and I'll let them have their fair say.

VICE PRESIDENT BERRY: On the Mousam?

CLERK JORDAN: No. On the -- (INAUDIBLE). We'll be in close quarters.

VICE PRESIDENT BERRY: (INAUDIBLE). Just for the sake of disclosure, you are not a ratepayer, correct?

TRUSTEE CLUFF: I am not a ratepayer.

VICE PRESIDENT BERRY: Okay.

TRUSTEE CLUFF: Excellent point.

PRESIDENT KILBOURN: Other comments from the -- the Board?

(No verbal response.)

PRESIDENT KILBOURN: Todd, I'd like to go home for dinner, but I don't think we're going to get out that easy. Great. Well, I think, you know, the logical place to go next, you know, in my mind, is to make sure that we're very clear, to the extent we can be, with our general manager what additional information we want to get, and if we don't know the cost of getting it, what it will cost to get it, so that we have some -- feedback will appear in the next few weeks about that -- about that information, because I think -- I really do think that in fairness to the community and to the Town, it would be best to give them as much opportunity as possible to take an alternative approach; regardless of what we chose.

So, I think, the next thing, just to be real clear about what questions -- what questions would we really like to have answered, if we could have everything, you know, we wanted, and let's try and figure out how much of that, first of all, is going to be truly significant to the magnitude issue, to the decision. And, second, how much it will cost to get it.

So, I'd like to suggest that we talk about now. If, for no other reason, to just make sure Todd is clear about what we expect right now and we don't come back in a month and, you know, don't know.

VICE PRESIDENT BERRY: A couple of questions. Right now, Wright-Pierce is on hold? That is, we're not requiring anything more of them, they've given us everything we've asked, including the revisions and questions -- answers to the questions, and comments, and all of that? We are going to await for the third-party review, which I'm assuming you will push to make sure that we have it for our June meeting?

GENERAL MANAGER SHEA: Absolutely.

VICE PRESIDENT BERRY: That's the whole point -- one of the points for choosing them. And then, you are also going to followup on the Clewes report?

GENERAL MANAGER SHEA: Yes.

VICE PRESIDENT BERRY: So that, when you come back to us, and you will have some idea, as Jay said, either an estimate of the cost to bring things up to standards or an estimate of what it's going to cost you to get an estimate to bring things up to standards?

GENERAL MANAGER SHEA: Yes.

VICE PRESIDENT BERRY: Okay. Those -- that -- those were the three things that I had.

TRUSTEE CLUFF: With a timeline for that.

VICE PRESIDENT BERRY: Oh, okay. Do you mean -- you mean for the Clewes report?

TRUSTEE CLUFF: Yes.

VICE PRESIDENT BERRY: Yeah, as best you can, I assume, right?

PRESIDENT KILBOURN: I mean, I think, you know, ideally, because we like to have a week to review these substantial documents that we seem to get every -- every meeting, we've got about three weeks to get -- and I believe that is the deadline for the GZA -- the report that we selected, so anything that we can get in three weeks, we should try and accomplish, and I would suggest that if there's really a critical decision that you need us to make, Todd, in the meantime, we could have a very brief emergency meeting if we need to.

VICE PRESIDENT BERRY: And I -- I can't tell if I'm on or off. So, anyway, the other thing, I guess, would -- when Duffy brought it up, is a facilitated meeting between you and the Town Manager, see if you can get any forward movement on that.

TRUSTEE CLUFF: The timeline I was referencing was from the Clewes report, once he gave us an idea of what the costs may be, what does he think the timeline of that would be to give us back the report if we decided to go that far. You know, if it's going to take three months, six months for him to come back, which I wouldn't think it would, but we're obviously on a very tight schedule now, and so, I'd like to know, if we're going to go that way, where that timeline would be to go.

VICE PRESIDENT BERRY: Just to clarify, are you going to still be talking with Bill Clewes about his report? Are you going to go out and look for other vendors that may be able to come in and give you more information?

GENERAL MANAGER SHEA: I'm going to talk to Bill about recommending vendors, but we do also have some vendors that we're aware of that can do the type of work that's being proposed.

VICE PRESIDENT BERRY: Okay.

GENERAL MANAGER SHEA: And there are local --

VICE PRESIDENT BERRY: So going to Duffy's timeline, what do you propose to do to get back to us at our next meeting? That's the question.

GENERAL MANAGER SHEA: We're going to nonstop until it's done.

TRUSTEE CLUFF: Right answer.

GENERAL MANAGER SHEA: That's all I can really -- you know, get on the phone and put all of the troops in action to see how we can get these recommendations to us.

VICE PRESIDENT BERRY: Are you expecting something from Bill, I mean? That was my question.

GENERAL MANAGER SHEA: I expect a conversation with Bill with some information as to, you know, who -- he's given some recommendations as to who to speak to.

VICE PRESIDENT BERRY: No. I'm talking about specific for the facilities from Bill.

GENERAL MANAGER SHEA: Oh, I don't think Bill will get anymore specific than he has.

VICE PRESIDENT BERRY: Okay. So now, you're looking to Bill for referrals?

GENERAL MANAGER SHEA: That's correct.

VICE PRESIDENT BERRY: Okay.

PRESIDENT KILBOURN: Duffy, I just want to make sure that anything that's in the back of your mind or in the front of your mind that are, to your mind, critical, unanswered questions that we are sure to disclose, if they haven't already been addressed, so that Todd can be zeroing in on them.

TRUSTEE CLUFF: No. Everything is out there.

PRESIDENT KILBOURN: Okay. Great. Well, fantastic. So, I think, that leaves us with the next agenda item, which is the next steps in the hydro decision making process. I think we're all pretty clear, at this point, that we've got some additional information we've requested, that we will be having our June 15th meeting dedicated again to the hydropower issues, and it's my hope that we'll have enough information, at that point, to give us confidence and an order of magnitude that we can begin to actually deliberate and make a decision about this issue, but that would be up to the pleasure of the Board. That is the June 15th meeting.

Is there anything further that Board members want to see on that agenda about hydro that hasn't come up here tonight, please speak up. Otherwise, we'll go to the May 31st meeting and is

our tradition here, if there's anything specific that you would like us to bring up on the business meeting, we need to bring it to Todd's attention so we can put the agenda together.

VICE PRESIDENT BERRY: I'd like an update on the asset management program that we talked about at the audit meeting to see how we're progressing and give us an idea of when you expect to be a hundred percent or 99 percent up and running.

GENERAL MANAGER SHEA: Will do.

PRESIDENT KILBOURN: I'll piggyback on that and just say, we do have a set of goals for the year, and, perhaps, you know, it's a good time to just go down the hit list, Todd, with us and give us an update on those, and that's one of them, I think.

TRUSTEE CLUFF: Where we are financially in reference to the dams, money, do we have any left?

CLERK JORDAN: I hear rate increase.

TRUSTEE CLUFF: Also, in the drop box --

PRESIDENT KILBOURN: Yeah, the rate study.

TRUSTEE CLUFF: Yeah, that was in the goals.

In the drop box we received some documents on solar, is that something that we're going to start discussing at the next meeting or where are we going with that?

PRESIDENT KILBOURN: Solar, at the moment, is on the agenda for the next meeting, and we have requested -- you may remember, I think it was the last business meeting we had in our offices, Todd and his team to put together a report to us, what is the status of solar in the District right now, and what have they heard in terms of inquiries about possible proposals and essentially some suggestions from him about our options. So, this is -- I hope this will be the most in depth conversation we've had about solar.

GENERAL MANAGER SHEA: Yes.

TRUSTEE CLUFF: And all of those documents that are in there, I mean, obviously, they are there for our review --

GENERAL MANAGER SHEA: I don't expect -- I don't expect you to read the entirety of those documents. I'll summarize the information for you in the agenda, so don't worry.

VICE PRESIDENT BERRY: Thank you.

GENERAL MANAGER SHEA: I realize that there is a -- what are they, thirteen proposals in there, and they're probably 10 or 12 pages each, so I'll summarize that for you. I'll summarize my thoughts, and it, obviously, is up to the Board as to what -- what action is taken on that, but I will -- I will summarize and make a recommendation as it -- I'll leave it at that until other business to take up with the Board.

PRESIDENT KILBOURN: It looks like Sanford is getting a little bit of a jump on us over there, so. They're getting ahead of us.

GENERAL MANAGER SHEA: They have an airport. Give me easy stuff, Jay.

PRESIDENT KILBOURN: (INAUDIBLE). All right. Well, great. Thanks. Any other questions that we need to get addressed?

(No verbal response.)

PRESIDENT KILBOURN: So, we've already run through the agenda, I'm giving the Board an opportunity bring up any other items for the agenda, questions on that?

(No verbal response.)

PRESIDENT KILBOURN: Hearing none, we need a motion to adjourn.

TRUSTEE EMMONS: I'll make the motion.

CLERK JORDAN: I'll second.

PRESIDENT KILBOURN: All those in favor?

Whereupon, the Board motioned in the affirmative and the meeting adjourned at 7:30 p.m.

Attest: _____
Michael Jordan, Clerk

C E R T I F I C A T E

I, KATHLEEN A. DE MARRE, do hereby certify that the foregoing is a true and accurate transcript of the Kennebunk Light & Power District meeting heard on Tuesday, March 29, 2016.

I DO FURTHER STATE that this transcript was prepared to the best of my ability and I am neither a relative, nor attorney, nor counsel of any of the parties to this action.

Kathleen A. De Marre

Notary Public

My Commission Expires _____

Dated the 21st day of May, 2016