

Kennebunk Light and Power District is inviting you to a scheduled Zoom meeting.

Topic: October 27 2020 Kennebunk Light and Power District Board of Trustees Meeting

Time: Oct 27, 2020 05:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/81386211057?pwd=Y3ZaSiZHTHlpR3dJNktpMm1lYWNoZz09>

Meeting ID: 813 8621 1057

Passcode: 977985

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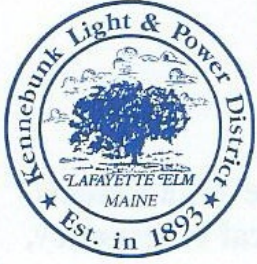
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Kennebunk Light & Power District
4 Factory Pasture Lane
Kennebunk, Maine 04043
(207) 985-3311
www.klpd.org

BOARD OF TRUSTEES BUSINESS MEETING AGENDA
TUESDAY, OCTOBER 26, 2020
ZOOM VIDEO CONFERENCE @ 5.00 PM

I.	CALL TO ORDER	5.00
II.	BOARD REVIEW SEPTEMBER 2020 FINANCIALS	5.15
III.	BOARD CONSIDERATION OF APPROVAL OF 2021 KLPD OPERATING BUDGET	5.25
IV.	BOARD CONSIDERATION OF APPROVAL OF GENERAL MANAGER'S RECOMMENDATIONS FOR SURRENDER IN PLACE FILING WITH FERC	5.55
V.	BOARD APPROVAL OF SURRENDER PLAN TIMELINE FOR SUBMISSION TO FERC	6.25
VI.	GENERAL MANAGER'S REPORT	6.45
	a. ASPLUNDH TRIMMING UPDATE	
	b. WATER STREET SUBSTATION UPDATE	
	c. CIVIL EMERGENCY ORDER UPDATE	
	d. PUC/DISCONNECTIONS UPDATE	
	e. WEST K SUBSTATION MAINTENANCE TESTING UPDATE	
VII.	PUBLIC COMMENT PERIOD (LIMITED TO 15 MINUTES TOTAL)	7.00
VIII.	NEXT MEETINGS. OCTOBER 27, 2020; NOVEMBER 24, 2020	7.15
IX.	BOARD RECOMMENDATION FOR AGENDA ITEMS FOR NEXT MEETING	7.15
X.	ADJOURN	7.30

Kennebunk Light and Power District
Notes to Financial Statements
September 2020

EXPENSES

Department	2020 Actual	2020 Budget	Variance
General plant operations,	\$ 51,237	\$ 68,273	\$ (17,036)
Customer accounting and collections	12,799	16,777	(3,978)
Administration	78,166	81,347	(3,181)
Other expense	38,208	39,163	(955)

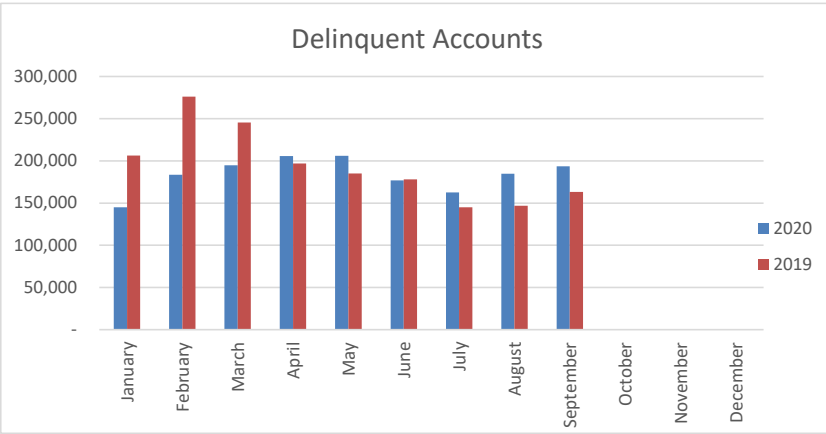
**KENNEBUNK LIGHT & POWER DISTRICT
STATEMENT OF REVENUES AND EXPENSES**

	MONTHLY			YTD			ANNUAL
	September 2020 Actual	September 2020 Budget	September 2019 Actual	2020 Actual	2020 Budget	2019 Actual	2020 Budget
Revenue							
Energy revenue	\$ 561,451	\$ 593,217	\$ 644,914	\$ 5,434,121	\$ 5,528,276	\$ 6,065,761	\$ 7,069,873
PV returned to grid	5,012	5,028	5,028	38,783	33,875	33,874	
Power expense	(567,537)	(593,217)	(585,282)	(5,682,616)	(5,528,276)	(6,105,279)	(7,069,873)
PV Credits	(5,012)	(5,028)	(5,028)	(38,783)	(33,875)	(33,874)	-
Net energy revenue	(6,086)	-	59,631	(248,495)	-	(39,518)	-
RNS revenue	150,651	150,695	174,770	1,448,782	1,404,995	1,629,457	1,788,841
RNS expense	(193,766)	(150,695)	(153,129)	(1,457,205)	(1,404,995)	(1,367,552)	(1,788,841)
Net RNS revenue	(43,116)	-	21,641	(8,423)	-	261,906	-
Transmission revenue	42,896	41,798	48,328	405,262	385,860	446,144	494,549
Transmission expense	(28,305)	(41,798)	(29,640)	(279,221)	(385,860)	(281,833)	(494,549)
Net transmission revenue	14,591	-	18,689	126,041	-	164,311	-
Solar revenue	32,074	39,546	30,471	275,848	328,922	228,244	383,437
Solar expense	(32,074)	(39,546)	(30,471)	(275,848)	(328,922)	(228,244)	(383,437)
Net solar revenue	-	-	-	-	-	-	-
Net energy and transmission revenue	(34,610)	-	99,961	(130,877)	-	386,698	-
Delivery revenue	183,495	193,675	192,493	1,741,322	1,790,722	1,779,795	2,334,084
Minimum charge revenue	50,208	49,348	49,470	447,410	442,167	443,257	590,350
Other revenue	27,679	10,207	10,885	133,087	69,695	177,717	86,972
Hydro production	-	-	-	-	-	21,602	-
Total Revenue	226,772	253,230	352,809	2,190,942	2,302,584	2,809,069	3,011,406
Expenses							
General plant operations, maintenance and distribution	51,237	68,273	117,541	497,646	623,843	519,323	817,183
Customer accounting and collections	12,799	16,777	12,246	119,580	168,112	118,453	217,032
Administration	78,166	81,347	84,769	873,319	807,014	935,570	1,093,534
Other expense	38,208	39,163	39,976	344,798	352,463	359,781	469,950
KLPD electrical usage	835	743	831	16,084	18,329	20,479	24,000
Total Expense	181,245	206,303	255,363	1,851,427	1,969,762	1,953,606	2,621,699
Net gain/(loss)	\$ 45,527	\$ 46,927	\$ 97,446	\$ 339,515	\$ 332,822	\$ 855,462	\$ 389,707

**KENNEBUNK LIGHT & POWER DISTRICT
STATEMENT OF FINANCIAL POSITION**

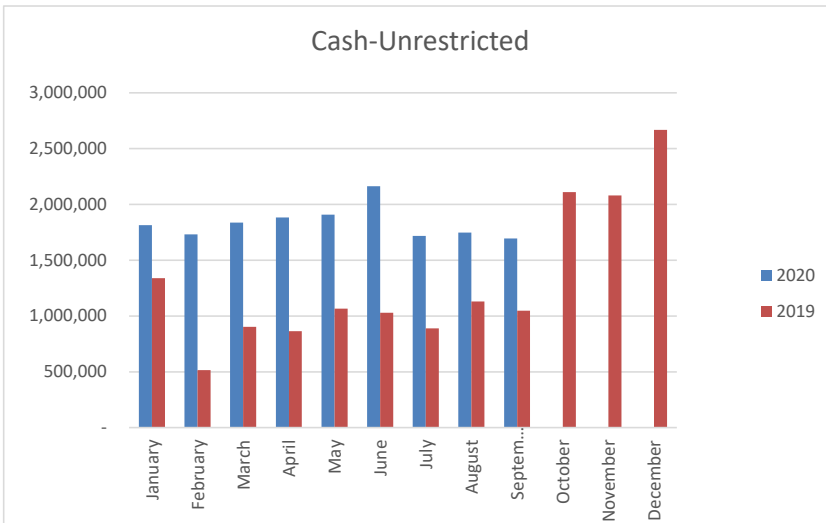
	September 2020	September 2019
Assets		
Cash and short-term investments	2,211,119	2,669,056
Accounts receivable	1,098,390	1,091,963
Fixed assets and property	10,309,633	10,217,603
Other assets	381,743	654,709
Total assets	14,000,886	14,633,332
Liabilities		
Accounts payable	848,997	907,007
Payroll liabilities	5,883	18,860
Long-term liabilities	1,789,622	2,220,956
Other liabilities	730,885	939,547
Total liabilities	3,375,386	4,086,369
Equity		
Surplus	10,269,900	9,692,623
Current year excess revenue	355,599	854,339
Total equity	10,625,499	10,546,962
Total liabilities & equity	14,000,886	14,633,332

Kennebunk Light & Power District
September 2020



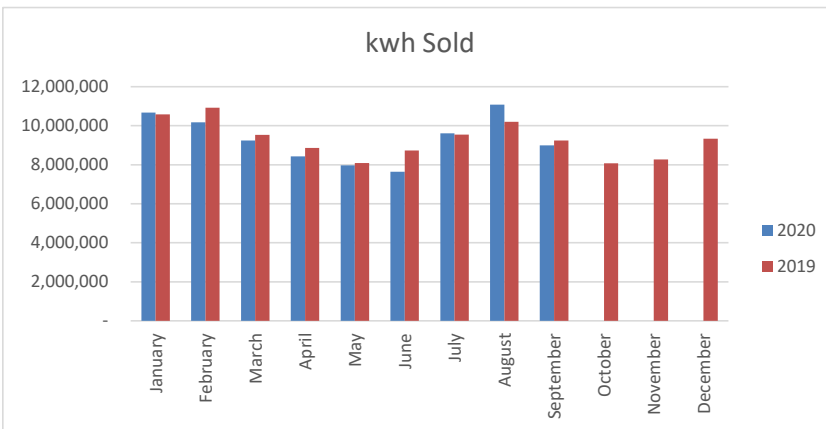
Aging	2020	2019
29 to 60 days	93,878	93,999
61 to 90 days	30,186	22,607
91 days +	69,408	46,597
Total	193,472	163,204

Delinquent accounts as a % of current month's sales:	18.45%	14.18%
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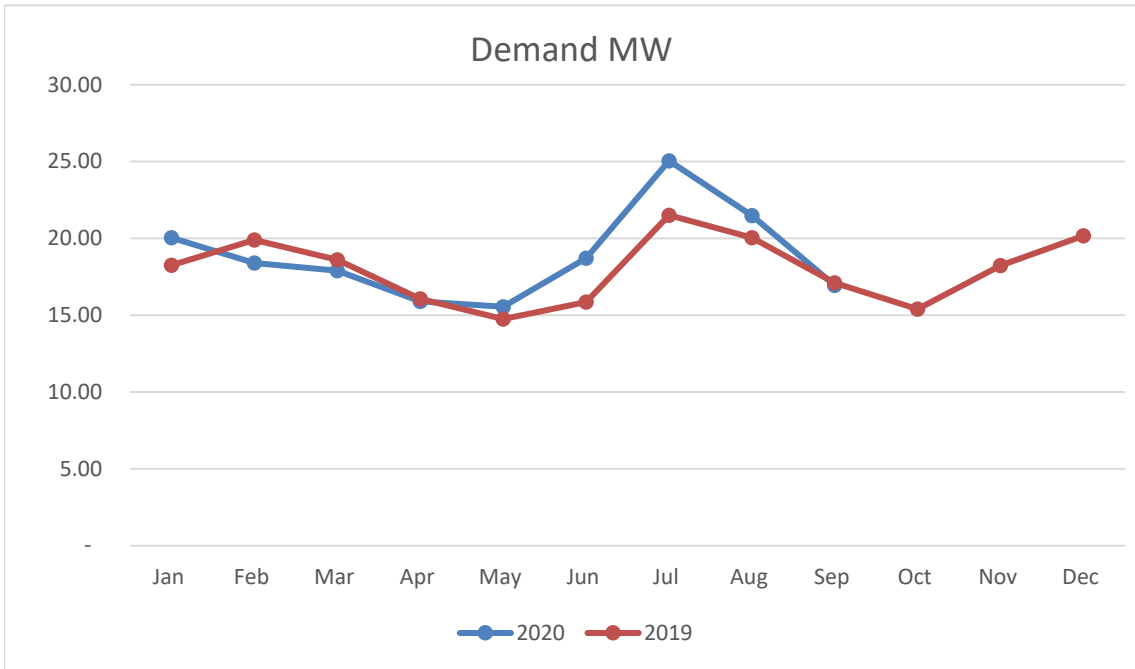
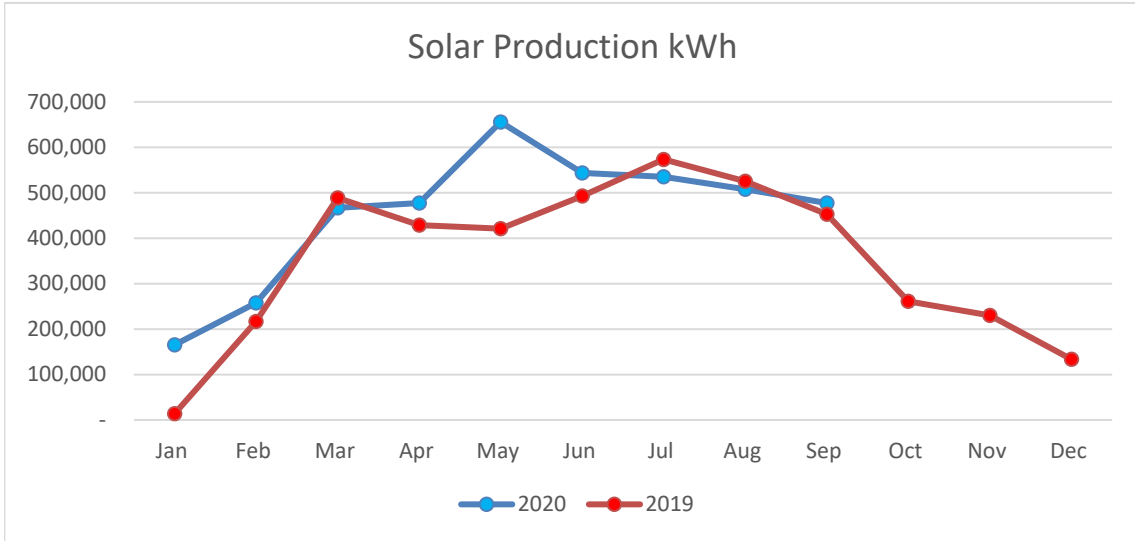
Days of Cash on Hand		Without Bond
Required	90	90
Actual	52	61
Variance	-38	-29

Cash required:	\$ 2,970,000
Cash unrestricted	\$ 1,693,970
Cash-deposits	\$ 169,205
Cash-capital	\$ 347,944
Cash-Efficiency ME	\$ -
Cash-Total	\$ 2,211,119
Variance	\$ (1,276,030)



September 2020	8,987,723
September 2019	9,242,388
Variance	(254,665)

Kennebunk Light & Power District
September 2020



**KENNEBUNK LIGHT & POWER DISTRICT
HYDRO STATEMENT OF ACTIVITY**

Revenue	September 2020	YTD 2020	2020 Budget
Electrical Production	\$ -	\$ -	
Total Revenue	-	-	-
Expenses			
Labor	2,238	16,314	27,825
Benefits	1,074	7,831	13,356
Supplies	317	4,168	25,000
Electrical Use	70	2,264	2,500
Liability/Property Insurance	940	8,458	11,277
Bond Interest	-	-	11,450
Depreciation	2,027	18,246	24,328
Legal & Professional Fees	5,970	31,137	30,000
Total Expenses *	12,636	88,417	145,736
Gain/ (Loss)	\$ (12,636)	\$ (88,417)	\$ (145,736)
kWh production	-	-	-

Kennebunk Light and Power District

Fiscal Year 2021 Budget Notes

kWh sales projected to increase over 2020 estimated sales by 1.06% to 110,869,677

Overall per kWh rate decreasing to 12.7260¢ from 13.2084¢

Customer penalties decreasing to \$10,000 from \$21,928 as a hedge against PUC collection restrictions

Wages reflect a 3% performance increase, the elimination of the Energy Services Manager position and continues to include an additional administrative position

Health insurance includes an estimated increase in cost of 3%

Bad Debt writeoffs have increased to \$100,000 anticipating the effect of COVID-19

Interest on long term debt has decreased due to full payment of dam bond

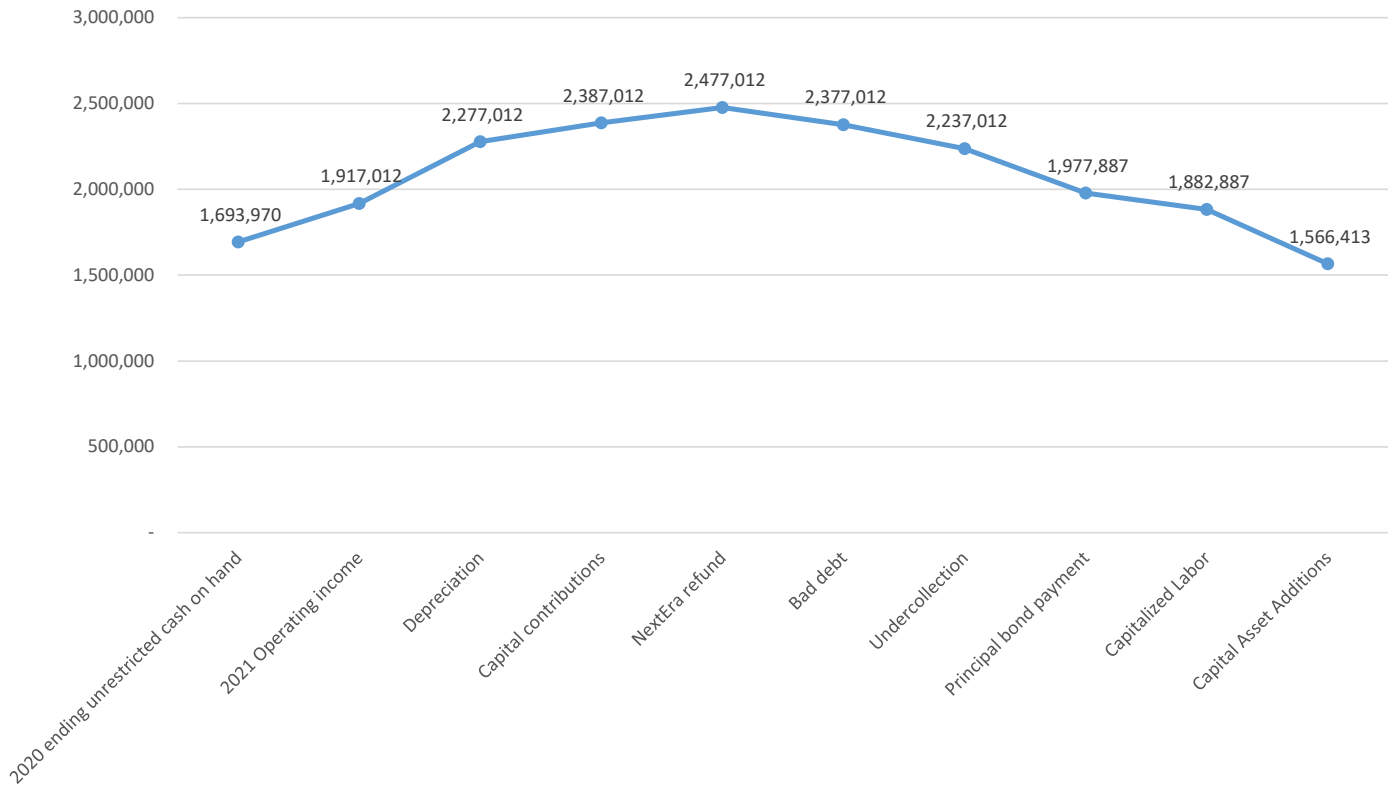
**KENNEBUNK LIGHT & POWER DISTRICT
PROPOSED BUDGET
FISCAL YEAR 2021**

Revenue	2020 Budget	2021 Budget	Variance
Energy revenue	7,069,873	\$ 6,621,996	(447,876)
Purchased power expense	(7,069,873)	(6,621,996)	
Net energy revenue	-	-	
RNS revenue	1,788,841	1,786,638	(2,202)
Purchased RNS expense	(1,788,841)	(1,786,638)	
Net RNS revenue	-	-	
Transmission revenue	494,549	493,542	(1,007)
Purchased transmission expense	(494,549)	(493,542)	
Net transmission revenue	-	-	
Solar revenue	506,645	409,316	(97,329)
Purchased solar expense	(506,645)	(409,316)	
Net solar revenue	-	-	
Net energy and transmission income	-	-	
Delivery	2,334,084	2,329,598	(4,486)
Minimum charge	590,350	595,336	4,986
Cable rental income	25,716	26,095	379
Customer penalties	21,928	10,000	(11,928)
Interest income	16,559	16,000	(559)
Other operating income	22,769	22,213	(556)
Hydro production	-	-	-
Total revenue	3,011,406	2,999,242	(12,164)
Expenses			
Wages	958,098	943,272	(14,826)
FICA Expense	73,294	72,160	(1,134)
Health Insurance	257,719	329,318	71,600
Disability Insurance	10,229	9,692	(536)
Life Insurance	7,733	9,019	1,287
Retirement	110,677	113,688	3,012
General plant operations, maintenance and distribution	285,000	290,000	5,000
Customer accounting and collections	60,000	64,000	4,000
Bad Debt Writeoffs	-	100,000	100,000
Administration	365,000	370,000	5,000
Depreciation	360,000	360,000	-
Interest on long term debt	109,950	88,250	(21,700)
KLPD electrical usage	24,000	26,800	2,800
Total Expense	2,621,699	2,776,200	154,502
Net gain /(loss)	389,707	\$ 223,042	(166,666)

HYDRO 2021 Fiscal Year Budget

Revenue	2020 Budget	2021 Budget	Variance	Notes
Electrical Production	\$ -	\$ -	\$ -	- No production anticipated
Total Revenue	-	-	-	
Expenses				
Labor	27,825	8,730	(19,095)	
Benefits	13,356	4,889	(8,467)	
Supplies	25,000	10,000	(15,000)	Limited repairs
Electrical Use	2,500	2,500	-	
Liability/Property Insurance	11,277	7,287	(3,990)	
Bond Interest	11,450	-	(11,450)	
Depreciation	24,328	22,000	(2,328)	
Legal	30,000	30,000	-	- License negotiations
Total Expenses *	159,905	85,406	(74,498)	
Gain/ (Loss)	\$ (159,905)	\$ (85,406)	\$ 74,498	

2021 Cash Flow



DRAFT

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: Lower Mousam Hydroelectric Project, Project No. 5362
Proposed Plan and Schedule to File a Surrender Application**

In response to a letter dated September 2, 2020 from Kim A. Nguyen, Chief, Environmental and Project Review Branch Division of Hydropower Administration and Compliance within the Federal Energy Regulatory Commission (the “Commission”), the Kennebunk Light and Power District (“the District”) hereby submits for the Commission’s consideration a proposed plan and schedule for filing a surrender application for the Lower Mousam Hydroelectric Project, Project No. 5362.

The District’s proposed plan and schedule is as follows:

- On or before **February 12, 2021**: the District provides a draft surrender application to relevant federal and state resource agencies, as well as any other entities, such as non-governmental organizations and Indian tribes, that may be interested in the surrender of the project, for **30-day review and comment**.
- On or before **March 15, 2021**: relevant federal and state resource agencies, as well as any other entities, such as non-governmental organizations and Indian tribes, that may be interested in the surrender of the project provide comments to the District on the draft surrender application.
- On or before **March 31, 2021**: the District files a surrender application with the Commission.

The District requests expeditious approval of this plan and schedule for filing a surrender application with the Commission. Please let me know if you have any questions or concerns.

Sincerely,

Commented [AET1]: Note that this is less than five months from today

Commented [AET2]: 30 days is the minimum time allowed for agency review and comment per Commission regulations. Query whether KLPD is interested in providing more time.

Commented [AET3]: This provides approximately 2.5 weeks to incorporate comments/respond to comments prior to submission. Query whether this is enough time to accomplish this. If not, propose moving the first two milestones earlier in time, to allow more time to incorporate or respond to comments.

Todd J. Griset
tgriset@preti.com
Direct Dial: 207.623.3280

M E M O R A N D U M

TO: Todd Shea, General Manager
Kennebunk Light and Power District

FROM: Todd J. Griset
Alan E. Topalian

DATE: September 24, 2020

RE: **Lower Mousam Hydroelectric Project:
Requirement to File a “Plan and Schedule” to File a Surrender Application**

As requested, this memo presents an overview of the requirement that the Kennebunk Light and Power District (the District) must file with the Federal Energy Regulatory Commission (the Commission), by November 1, 2020, a “plan and schedule to file a surrender application”, as the Commission directed by letter dated September 2, 2020.

The plan and schedule will propose certain milestones and dates for the process through which the District will consult with resource agencies and other stakeholders regarding the development of a surrender application. The plan and schedule is not required to contain details on the nature of the decommissioning that will be proposed; those details will be contained in the subsequent surrender application, which the District will file later according to the plan and schedule ultimately approved by the Commission.

BACKGROUND

The District holds a license issued by the Commission to construct, operate and maintain the Lower Mousam Hydroelectric Project (the Project). The license term expires on March 31, 2022. As a licensee, the District is subject to the Commission’s hydropower licensure rules. These rules require licensees to notify the Commission five years before a license expires, with an unequivocal statement whether the licensee will or will not apply to relicense a project. After deliberation, in 2017 the District notified the Commission in 2017 that it would not apply to relicense the Project.

When the licensee provides notice that it will not seek a new license, the Commission provides an opportunity for other entities to seek a license for the project. In the case of the Project, an entity named America First Hydro LLC (AFH) filed a notice of intent to seek a new license for the Project. AFH subsequently filed a license application with the Commission in March 2020; the Commission rejected AFH’s license application. Consequently, the Project is approaching the expiration of its term with no successor license application. In these situations, FERC initiates its surrender application process.

SEPTEMBER 2 LETTER

As a first step in the surrender application process, on September 2, the Commission sent a letter to the District stating that the District must file within 60 days a “plan and schedule to file a surrender application”. Because the wording of the September 2 letter may be unclear to those unfamiliar with the Commission’s rules and processes, we take this opportunity to describe key requirements for two upcoming submissions that the District must make to the Commission as part of the license surrender project: (1) a plan and schedule; and (2) a subsequent surrender application.

PLAN AND SCHEDULE

A plan and schedule to file a surrender application is typically a concise document, often not much more than a page in length, presenting a high-level overview of certain key process milestones and dates that will culminate in the filing of a detailed surrender application. In a plan and schedule, the licensee proposes dates by which it will accomplish certain milestones, specifically:

- The date by which the licensee will provide a draft surrender application to “relevant federal and state resource agencies, as well as any other entities, such as non-governmental organizations and Indian tribes, that may be interested in the surrender of the [P]roject;”
- The date by which those resource agencies and other entities will provide comments on the draft surrender application; and
- The date by which the licensee will submit its surrender application to the Commission.

Notably, the plan and schedule filing focuses on process, and does not typically provide substantive details about the decommissioning plan or other elements of the surrender application.

Once the Commission has received a plan and schedule, it can either approve the schedule as proposed or direct the licensee to modify the proposed plan and schedule if the Commission determines that it is inappropriate in some way.

SURRENDER APPLICATION

Compared to a plan and schedule, a surrender application itself is a significantly lengthier and more technical document presenting substantive information. Understanding what goes into a surrender application helps inform the development of the overall “plan and schedule” for its filing.

The Commission’s regulations prescribe the contents of a surrender application thoroughly, and they include the following:

- The reason for surrendering the license;

- The impact of the license surrender on issues such as dam and public safety and environmental resources;
- Identification all project features including dam and reservoir, power plant, transmission lines, recreation features, and a description of how they will be disposed;
- A plan for decommissioning the project. Decommissioning plans can include leaving project features in-place for other uses, or removal of project features and site restoration. The plan should address any dam safety or environmental concerns that could remain after the license is surrendered; and
- A schedule by which the licensee proposes to complete tasks associated with decommissioning.

As mentioned above, the Commission's regulations require licensees to consult with state and federal resource agencies and other interested entities prior to submitting a surrender application. Feedback resulting from that consultation can help a licensee tailor its application to address certain safety and environmental concerns in its surrender application. The District may also wish to retain appropriate consultants to assist in the proactive and responsive evaluation of any such considerations, early enough in the process to inform the drafting of the surrender application.

After the District files a surrender application and the Commission is satisfied that it meets the regulatory requirements, the Commission will issue a public notice with a minimum of 30-day comment period. Following the receipt of any comments, the Commission reviews the application including its decommissioning plan, and will approve a license surrender if it finds that the licensee has met the standards and fulfilled its obligations under the license. Commission orders approving surrender applications typically include a series of conditions regarding decommissioning timelines and procedures, including requirements for coordination with relevant state and federal resource agencies and submission of a final decommissioning report 60 days following the completion of decommissioning activities.

CONCLUSION

As the District moves toward the expiration and surrender of its license, the Commission's September 2 letter has directed the District to file a plan and schedule by November 1, 2020. That plan and schedule is fundamentally a procedural document, proposing milestones and dates for the District's process of consultation with resource agencies and other stakeholders regarding the development of a surrender application. Substantive details of the District's surrender proposal will be contained in the subsequent surrender application, which the District will have to file according to the plan and schedule ultimately approved by the Commission.

We would be glad to brief you and the Board on these requirements. Please let us know if you have any questions.

KLPD is responsible to the ratepayers that take service from KLPD. That is KLPD's duty.

KLPD's Board is responsible to those same ratepayers.

As Trustees of the District members have a fiduciary responsibility to all of our ratepayers.

KLPD's financial and operational reasoning to surrender license in place early.

1. Early surrender considerably reduces costs to KLPD ratepayers.
2. Early surrender in place allows KLPD to garner public support.
3. Early surrender in place is the most fiscally responsible option.

KLPD's financial and operational reasoning for filing to surrender in place.

1. Unequivocal letter of intent not to file for a subsequent license voted on by KLPD Board June 15, 2016. (See 6/15/2016 agenda and 6/15/2016 meeting minutes.) (001 and 002)
2. March, 2017 KLPD filed unequivocal notice of intent not to file for a subsequent license with the FERC. (See 3/28/2017 KLPD Notice of Intent Not to File.) (003)
3. Age of equipment. (See 2016 GM Age and Condition Report, supporting documentation available on the KLPD website.) (004)
4. Lack of head on the river.
5. Inefficiency and unsafe condition of electrical generation assets. (See 4/29/2016 Lee Carroll Engineering Assessment of KLPD facilities.) (005)
6. Lack of holding capacity to sustain economic generation.
7. Large investment with minimal return. Mousam River Facilities have very little potential to provide KLPD with any substantial load. (+/- 3% ?)
8. KLPD treats any energy generated as an avoided cost. Claims of monetary gains by members of the public are unwarranted. Generated kWh's are 'net metered' off of KLPD's load which requires a linear offset from the kWh's purchased (cent for cent). (See 5/5/2020 KLPD Lock Details.) (006)
9. It is in KLPD's financial best interest to successfully secure a true surrender in place. Although removal costs have been grossly overstated in recent proposals, the best case scenario is to successfully secure a surrender in place ruling from the FERC.

KLPD's financial and operational interest in a successful 'surrender in place'.

1. Least costly option.
2. No removal option will require community support for historic designation of KLPD's energy generating asset at Kesslen. This should begin soon in order to have a surrender plan application ready to go for the FERC.
3. The best investment in KLPD dollars is to successfully secure the surrender in place ruling. No removal, no passage. The Mousam is a dammed river. There are several arguments for no passage being required, some of which legal counsel has alluded to.
4. There is a starkly incorrect perception being perpetuated in the public that not generating means dam removal. That perception needs to be changed in order for KLPD to move forward. I am confident that that sentiment can easily be changed by Board agreement on key facts provided by KLPD legal counsel.

5. MRH proposal is laden with inaccuracies intended to gain public sentiment for continued generation. Generation numbers are overstated; costs are understated. The generation assets simply are not mechanically able to meet the production numbers proposed.
6. MRH proposal, or any iteration thereof, is not recommended by KLPD administration or staff. Impacts to capital, capital maintenance, days of cash, bond rating, long range planning and day to day operations would be immense. KLPD would be back to square one when it comes to gains made at the District since 2015. KLPD cannot speculate in, or bond on behalf of, 'business interests' with ratepayer dollars.
7. MRH proposal is sidelining the effective implementation of a public relations campaign to gain public support for the surrender in place filing. That campaign will be designed to counterbalance claims of dam removal. Community 'desire' will fit harmoniously into the surrender in place filing.
8. Filing a surrender in place with FERC early, with as much detail as possible, will get KLPD ahead of agencies, NGO's and active interests' claims regarding removal. Timing may be of great benefit to KLPD in securing the surrender in place order.
9. Agencies are already pressuring FERC. KLPD need to be the forerunner in this conversation at the FERC to garner public support and suppress agency claims.

KLPD's staff and legal representation's best case scenario.

1. Surrender in place. (See 6/2020 GM Recommendation to Board.) (008)
2. Disconnect generation (sell for scrap, salvage, or reuse by others).
3. Fill penstocks with concrete to stop water passage.
4. Disable flood gates.
5. Remove boards to reduce head.
6. Ensure passage of appropriate flows to meet Sewer District needs.
7. Turn facilities over to State of Maine or potential Historical Entity.
8. Potential to work with State of Maine cooperatively in monitoring the structures post-surrender.
9. History and FERC precedent will determine the outcome of a successful surrender in place. With the community on board (minus staunch fish passage enthusiasts) surrender in place is more likely to happen. (See 6-2020 GM Draft Proposal to Board.) (009)
10. To successfully receive a surrender in place for all three facilities, the least costly option, KLPD may need to push for Historic and other designations. KLPD's best interest, remember, is a true surrender in place. It is by far the least costly option and appears to be the outcome preferred by the community.
11. True surrender in place is in the best interest of KLPD as an entity.