

**STERLING MUNICIPAL LIGHT DEPARTMENT
MEETING MINUTES**

Tuesday, February 24, 2009

BOARD MEMBERS: Richard Sheppard, Chairman
Arthur J. Coughlin, Jr., Clerk
Kenneth I. H. Williams, Board Member

SMLD MANAGER: John Kilgo, Jr.

MINUTES: Sandy Pellecchia

IN ATTENDANCE: George Pape, 69 Redemption Rock Trail, Sterling, MA 01564

Richard Sheppard (Sheppard) opens the meeting at 5:03 p.m.

APPROVAL OF THE AGENDA

Williams makes a motion to approve the Tuesday, February 24, 2009 agenda as written. Seconded by Coughlin. Role call: Coughlin, aye. Sheppard, aye. Williams, aye. Approved by the Board.

APPROVAL OF MINUTES

Williams makes a motion to approve the Tuesday, January 27, 2009 regular session Sterling Municipal Light Department Board Meeting Minutes as amended. Seconded by Coughlin. Role call: Coughlin, aye. Sheppard, aye. Williams, aye. Approved by the Board.

CUSTOMER COMMENTS

Customer Pape brings Kilgo a newspaper article from the Chicago Tribune. It is simply an FYI.

10-YEAR PLAN COMMENTS

Kilgo wants to point out a few things that have happened since the 10-year plan has been put together. Kilgo mentions his intent to do the educational seminar at the Open House and also mentions the newsletter that will be going out very soon.

Kilgo also notes that the SMLD is facing the fact that the State Senate and House gave final approval to the Global Warming Solutions Act (coupling with the recent Greenhouse Gas

Initiative). The bill empowers the regulation of greenhouse gasses and mandates a short-term goal for a reduction of greenhouse gases of between 10% and 25% by the year 2020. They are looking at a blanket rate that they are going to add onto all retail kWh sales. Kilgo advises that the SMLD is not exempt from this. The SMLD purchases hydroelectric power from several hydroelectric plants in New England, putting our pursuit of nonpolluting generation facilities over the state's mandate, yet we may still have to pay the blanket rate. It's an insane law to create revenues for Massachusetts and we are fighting for credits for our non-polluting generation plants.

We are in the midst of meeting OSHA arc-flash protection requirements. OSHA and arc-flash protection means that an employer must protect workers from electrical hazards, and employees must wear personal protective equipment to protect themselves. A consultant was hired to test short circuit currents throughout the system. The major impact is to make sure everyone is safe while work is kept up. Special clothing will be required for the substation. The SMLD is taking this very seriously and meeting the law required for safety is our main philosophy.

On a separate note, Kilgo has been dealing with the Lieutenant Governor's Office for the recovery of any reimbursement funds regarding the 2008 December Ice Storm. He will continue to use our state representative for lobbying and follow through.

Kilgo also brings up one important issue, which he has not raised, an annual raise for all non-union employees. While the national economy is not in the best shape, he has employees who have put in quite a bit of overtime since December with little compensatory pay. He realizes the sensitivity, politically for any raises but he has dedicated employees and notes that an annual raise is appropriate.

Kilgo explains that a small percentage of the SMLD's total annual salary (three percent) for each non-union employee is a reasonable and modest amount. Kilgo will give a portion of this amount for each non-union employee for raises based upon a performance review. Williams offers perhaps Kilgo could opt for a one-time payout versus an annual increase that effects years to come and retirement, etc.

Kilgo points out that \$15,501 is a small amount of money for a dedicated group. He notes that raises are necessary because people are still contributing.

Sheppard wants to make certain that we don't run into a conflict with the Town of Sterling (TOS).

Sheppard likes how Kilgo uses a pool of money to be awarded based on performance appraisals. He acknowledges that the salary increase is a good way to manage raises in today's economy. It is a small amount of money all things considered. However, Sheppard agrees with Williams' comment about an annual raise being a long-term annual commitment.

Kilgo explains again this would be for non-union folks and the raise would take affect March 30, 2009 or afterwards with no retroactivity.

Coughlin offers that bonuses are not popular at this time, in this industry and in this region. Coughlin thinks the non-union employees deserve a raise at this time and that it is wise to help out the non-union employees at this time.

Sheppard asks for a motion on the topic of an annual raise for all non-union employees.

Coughlin makes a motion to approve the raises for all non-union employees. To approve a lump sum of money in the amount of \$15,501 to be dispersed by the Manager based upon performance reviews, commencing no sooner than March 30, 2009. Sheppard seconds the motion. Sheppard asks for further discussion. Role call: Coughlin, aye. Sheppard, aye. Williams, nay. Approved by the Board.

FINANCIALS

Residential sales are over the three-year average, but under 2008 values by 1.7%. All Other sales are the same as the three-year average, but under the 2008 values by 5%. Kilgo notes that the SMLD is maintaining a high load factor of 68.3% and sales dollars are up approximately \$85,000.

Williams notes we are still dropping. He sees two big decreases. He notes that people are not using as much electricity and that our attempts to conserve have worked. Williams notes that we have the ability to raise the rates if need be. Coughlin states that is the Manager's responsibility.

OTHER BUSINESS

Kilgo gives an update regarding the December ice storm. He advises that two insurance payments have been received. Given the process, we are about 50-60% done in accessing the damages. We are looking forward to getting things submitted over the next few weeks. The SMLD provided a letter to the Town Treasurer in case there is a need for deficit spending. Kilgo notes what a pleasure it has been to work with Town Treasurer, Donna Erickson. Williams asks if we have borrowed any money. Kilgo says no. Sheppard advises that is what the Thursday, February 26, 2009 meeting with the DOR is about for the Town.

Kilgo does not want to obtain any more debt. He advises that the SMLD will spread the work out over time for minimal impact to our financials.

NEXT BOARD MEETING

The March board meeting will be held on Tuesday, March 31, 2009 at 5:00 p.m.

MOTION TO ADJOURN

Coughlin makes a motion to adjourn the meeting at 5:47 p.m. Sheppard seconds the motion. Roll Call: Coughlin, aye. Sheppard, aye. Williams, aye. The meeting is adjourned at 5:47 p.m.

ATTEST: Arthur J. Coughlin, Sr.
Arthur J. Coughlin, Sr., Clerk

DATE: 03-31-2009