

**STERLING MUNICIPAL LIGHT DEPARTMENT
MEETING MINUTES**

TUESDAY, July 29, 2008

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

SMLD MANAGER: John Kilgo, Jr.

MINUTES: Sandy Pellecchia

Richard Sheppard (Sheppard) opens the meeting at 5:00 p.m.

APPROVAL OF THE AGENDA

Kilgo asks for three additional topics to be added to the agenda under other business.

Sheppard makes a motion to approve the Tuesday, July 29, 2008 agenda with Kilgo's additions. Seconded by Coughlin. Role call: Coughlin, aye. Williams, aye. Sheppard, aye. Approved by the Board.

APPROVAL OF MINUTES

Williams makes a motion to accept the Tuesday, June 24, 2008 regular session Sterling Municipal Light Department Board Meeting Minutes as written. Seconded by Coughlin. Role call: Coughlin, aye. Williams, aye. Sheppard, abstains. Approved by the Board.

CUSTOMER COMMENTS

There are no customer comments at this time.

FINANCIALS

Kilgo states that overall usage was down, but that was due to fewer read days versus last year. Our year-to-date kilowatt sales are up about 1% with our revenues up 11%. And we maintained 67% average system load factor.

Williams asks when do the rate increases come into effect as reflected in the financials?
Kilgo answers you will see the effects now in the June numbers reported.

OTHER BUSINESS

Depreciation Transfer Tanglewood Overrun and Generator Fence

Kilgo requests \$7,900 to be transferred from the Depreciation Account into the Operating Cash Account on or before August 1, 2008 for underground work at Tanglewood Road and for the enclosure of the generator and slab at the Butterick Building. The additional underground work at Tanglewood Road entailed removing and reinstalling a section of Comcast conduit to facilitate our conduit installation, which came to \$4,900. We also need an additional \$3,000 to totally enclose the generator and its concrete slab at the Butterick Building with a fence for safety purposes. The transfer should be made on or before August 1, 2008.

Sheppard asks if we had a contingency on the Tanglewood project. Kilgo says no, we had the price reduced to \$99,000.

Williams offers that the gate on the enclosure of the generator should allow for ease of access to the generator. Kilgo agrees and notes that it will be a four-foot gate off the back.

Williams makes a motion to transfer the amount of \$7,900 from the Depreciation Account into the Operating Cash Account for cost overruns at Tanglewood Road and for the enclosure of the generator and slab at the Butterick Building. Coughlin seconds the motion. Role call. Coughlin, aye. Williams, aye. Sheppard, aye. Approved by the Board.

12-Month Average Rate Slide (see attached)

Kilgo presents the slide of a 12 Month Average Rate (July 2007 - June 2008) for a 500kWh Residential Customer to the board to give them an idea of where the SMLD is positioned regarding rates.

Sheppard asks what is the cost per kWh at \$66.35 for 500 kWh. Kilgo says about 13 cents.

RTOs and ISOs ... PASNY Slide (see attached)

Kilgo explains to the group the gaming that has happened in the settlement system between the power pools. The gamers created unscheduled congestion and the LMPs went up and we paid transmission charges. Kilgo notes that FERC will intervene and we should be out of this mess towards the end of the year.

There has been a three-fold increase in our most recent PASNY bill due to the New York Independent System Operators (NYISOs) charges for transmission. This has exhausted the entire Massachusetts Municipals prepayment fund, which needs to hold a three-month balance for us. Therefore, on our June bill we must pay the higher monthly amount as well as increase our prepayment balance.

We have received a little more energy than normal but what is alarming is that congestion and losses have increased dramatically and the NYISO is looking into potential market gaming at

FERC claiming that it is causing loop flow discrepancies between the Power Pools surrounding the NYISO.

In Lieu Of Tax Payment

Kilgo would like to propose to the Light Board that the SMLD put up a 3KW solar installation at the Operations Center. He would like to cut the In Lieu Of Tax Payment for 2009 in half to \$20,000 and install the solar system.

Sheppard says that for FY10 the Finance Committee will need to be made aware that they would lose \$20,000. Sheppard suggests Kilgo send a letter over to the Selectboard and cc: Larry Pape. Please include why this will be done and what it will be used for.

Kilgo also adds that if the Selectboard likes this install then they too could do similar builds for the other town departments.

Williams would like to see something in writing (including the advantages) before he votes on such a project. He asks that when Kilgo writes his letter please note that the Board has not committed to anything as of yet.

MOTION TO EXECUTIVE SESSION

Sheppard makes a motion to go into Executive Session per MGL Chapter 164, Section 47D to protect trade secrets and discuss proprietary, confidential information and to return to open session only to adjourn. Coughlin seconds the motion. Role call. Coughlin, aye. Williams, aye. Approved by the Board.

The Board goes into Executive Session as of 5:41 p.m.

RETURN TO OPEN SESSION

The board returns to open session at 6:19 p.m.

NEXT BOARD MEETING

The August 2008 board meeting will be held on Tuesday, August 26, 2008 at 5:00 p.m.

MOTION TO ADJOURN

Sheppard makes a motion to adjourn the meeting at 6:20 p.m. Williams seconds the motion. All in favor? Coughlin, aye. Williams, aye. Sheppard, aye. Approved by the Board. The meeting is adjourned at 6:20 p.m.

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

DATE: 02-22-2009