

**STERLING MUNICIPAL LIGHT DEPARTMENT
MEETING MINUTES**

Thursday, May 20, 2010

BOARD MEMBERS: Richard Sheppard, Chairman
Arthur J. Coughlin, Sr., Clerk
Matthew Stelmach, Third Member

SMLD MANAGER: John Kilgo, Jr.

MINUTES: Sandy Pellecchia

Customers: Doug Davis, Sterling, MA
Larry Davis, Sterling, MA
Richard Maki, Sterling, MA
George Pape, Sterling, MA
Nancy Perry, Sterling, MA
Robert Protano, Sterling, MA
Mike Rivers, Sterling, MA
Susan Staudaher, *Sterling Meetinghouse News*

Richard Sheppard (Sheppard) opens the meeting at 5:01 p.m.

APPROVAL OF THE AGENDA

Arthur J. Coughlin, Sr. (Coughlin) makes a motion to approve the Thursday, May 20, 2010 agenda as written. Matthew Stelmach (Stelmach) asks a question about the second set of Executive Session minutes that need to be approved. They are to be approved tonight in either Executive or Regular Session states Richard Sheppard (Sheppard). Sheppard also notes that the auditor will not be here, however the audit will be reviewed. Seconded by Matthew Stelmach (Stelmach). Unanimously approved by the Board.

APPROVAL OF MINUTES

Coughlin makes a motion to approve the Tuesday, March 30, 2010 regular session Sterling Municipal Light Department Board Meeting Minutes as amended. Seconded by Stelmach. Unanimously approved by the Board.

Coughlin makes a motion to approve the Tuesday, March 30, 2010 Executive Session Sterling Municipal Light Department Board Meeting Minutes. These minutes will not be released until such time as it is appropriate to do so. Seconded by Stelmach. Unanimously approved by the Board.

CUSTOMER COMMENTS

This section will take a question and answer format. Q=Question A=Answer.

Q: George Pape (Pape) wondered why it takes so long to get a copy of the auditor's report. 5-6 months for instance.

A: Sheppard offers that the audit is not complete. John Kilgo (Kilgo) also offers that the SMLD also had to do a compliance audit due to FEMA reimbursements. Stelmach adds that timing is the same as last year.

Q: Mike Rivers (Rivers) would like to discuss the smart metering program. He would like clarification on the process and why there is no public discussion of it. Why didn't it go out to bid? Why is there a confidentiality agreement on this?

A: Sheppard offers that approximately two years ago the SMLD went through the bid process. Yes, it was a sealed bid process, opened in public. ArKion was the winner of the bid. Agreements were made to put in test units. The SMLD decided that the cost was acceptable. ArKion put up 3-5 units on poles. Shortly after the 2008 December ice storm destroyed them. After the ice storm, ArKion repaired the units. At that time Arkion was sold to Mueller Systems. Mueller Systems was allowed (due to the existing contract) to have a carry on contract. Kilgo also adds that we are still under the Pilot group.

Q: Rivers states that every piece of paperwork is confidential. Can you explain why please?

A: Kilgo offers that the SMLD Light Board had a package at the March board meeting to cancel the April board meeting. As far as the confidentiality, we have a relationship with a large corporation and we need to protect the interest of all parties involved.

Q: Rivers states that records are supposed to be public one week after a signed contract. Rivers brings to Kilgo's attention a letter from the Secretary of the Commonwealth of Massachusetts.

A: Kilgo replies that if you have proprietary and confidential topic, then the records are not public. Kilgo offers clarification on the letter from the Secretary of the Commonwealth of Massachusetts office. The topic of this letter is not the same as the ArKion contract. Kilgo states that Rivers is misaligning the facts of the two topics.

A: Sheppard offers insight into contract records on file with auditor. He adds that phone calls to local municipal light departments indicated that other local municipal light departments are keeping records but are not filing contract records on file with the auditor.

Q: Rivers states that contract records should not be freedom of information requests. They should be free and readily available public documents.

A: Kilgo offers that the SMLD is readily complying with keeping contract records on file with the auditor. He explains the prior situation that the SMLD and the Town of Sterling had in place.

Q: George Pape (Pape) injects the statement, that's right John, keep hiding that.

A: Chairman Sheppard calls Pape out of order.

Q: Rivers states that the CUBS billing utility contract is also under a similar confidentiality contract. He inquires are there other contracts like this? Rivers also offers that SMLD has no right to declare this confidential.

A: Sheppard offers that he is not aware of that.

Q: Rivers inquires about the multiple \$75,000 payments to ArKion.

A: Kilgo states that the SMLD never got to make payments on the system to ArKion. He informs Rivers that his facts are misleading.

A: Sheppard offers that not a penny has changed hands between the SMLD and ArKion.

Q: Rivers asks when will ratepayers know what the total investment is with Mueller Systems?

A: That information is covered under a confidentiality agreement says Sheppard.

Q: Doug Davis offers that he intends to come to an early June Sterling Municipal Light Board meeting. He would like Davis Farm wind and solar engineers to meet with the SMLD, and also with a Town of Sterling Planning Board representative.

A: Sheppard says that the June Sterling Municipal Light Board meeting is scheduled in early June.

Q: Nancy Perry (Perry) acknowledges that Mr. Richard Maki is present. She asks is this meeting being televised live?

A: Sheppard responds that no, he is here as a customer.

Q: Perry asks the Chairman why Light Board places on its agenda to take a vote when next meeting will be after the Executive Session instead of before the Executive Session? Perry says it would be nice to hear when next meeting will be before the Board goes into Executive Session.

A: Sheppard says if entire board agrees to this, it will be moved up.

A: Kilgo offers that the June meeting is scheduled for June 29, 2010.

Q: Robert Protano (Protano) requests to know one week in advance of the Light Board June meeting to help support the Davis Farm topic please.

A: Sheppard agrees. Sheppard takes a minute to commend the Davis Farm for its renewable energy projects.

Q: Pape asks if the meeting with the Davis Farm folks will be Open Session or Executive Session?

A: Sheppard responds that he is not sure.

Q: Stelmach points out that he saw Dig Safe markings on Fox Run. He believes that they were just DPW markings and not SMLD markings. Stelmach asks what is the SMLD upgrade plan for the Fox Run division?

A: Kilgo offers that no outages have been reported to the SMLD. Remember, we are still in the middle of FEMA permanent repair. Kilgo says this is not on the books right now.

A: Sheppard asks Stelmach to please report an outage if he experiences one as none in this very area have been reported to the SMLD.

Q: Rivers states that he lives on Fox Run and he has experienced very short power outages and irregularity. He has been told that there is no switching going on. He further offers that he has timed the very short power outages to when large trucks drive down street.

2009 AUDIT REPORT

Kilgo gives the SMLD Light Board a draft audit. He states that he will briefly go over the audit and the auditor will come to a future SMLD Light Board meeting. He explains that there are two audits. First is the standard audit, the second is the FEMA audit.

He asks the SMLD Light Board to please read the draft audit for errors and discussion. When the SMLD releases this audit, it will give a really good picture of our Operations Kilgo states. On pages 6-8 you will see that the SMLD working capital is strong. On pages 9-17 are the notes. Due to GASBY 45 and post employment benefits, a projection of liability to the SMLD due to post employment benefits has been included. At the back of the draft audit is the schedule of grants received. These are monies received from FEMA. The second audit shows how we comply with FEMA standards. Kilgo asks the SMLD Light Board to review these final reports that as of right now are intended for the use of the SMLD, the SMLD Light Board and the Department Of Public Utilities (DPU) only. When the audit is complete the library and the Town of Sterling Accountant will get a copy.

Sheppard asks about the designation of the hydros. Kilgo says please look at note H.

Sheppard asks about Millstone being down. Kilgo confirms this. He explains that every 18 months nuclear plants are down. It has been 48 days and is coming back on-line tomorrow.

Q: Perry asks if SeaBrook is out of the power mix?

A: Kilgo offers that SeaBrook has applied for an extension in their running license.

FINANCIALS

March and April are over last year. The load factor was 70%. Kilgo informs that he has looked at April 2007 and April 2010. He projects that the economy is looking a little bit better. Things are turning around. We are on track with 62 million kWhs for total kWh sales.

Kilgo informs the group about utilizing the cable access TV to help inform customers about the voluntary load shed program for the Summer 2010.

OTHER BUSINESS

None at this time.

MOTION TO EXECUTIVE SESSION

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

The board goes into Executive Session as of 6:05 p.m. The board returns as of 6:55 p.m

NEXT BOARD MEETING

The June board meeting will be held on Thursday, June 3, 2010 at 9:00 a.m.

MOTION TO ADJOURN

Sheppard asks for a motion for the Light Board to adjourn the meeting. Coughlin makes the motion and Stelmach seconds it. Unanimously approved by the Board. The meeting adjourns at 5:42 p.m.

ATTEST: Arthur J. Coughlin, Sr.
Arthur J. Coughlin, Sr., Clerk
DATE: 12 July 2010