

PASCOAG UTILITY DISTRICT - BOARD OF UTILITY COMMISSIONERS MINUTES

The regular meeting of the Pascoag Utility District Board of Utility Commissioners was held on Monday, April 25, 2016, at 6:00 p.m. in the District office, 253 Pascoag Main Street, Pascoag, RI.

Members Present: Chairman Albert Palmisciano, Commissioners Ann Polacek, Richard Jenks, Michael Kogut and Doug Lees

Members Absent: None

Also in Attendance: Michael Kirkwood, General Manager; William Bernstein, General Counsel

Chairman Palmisciano opened the meeting at 6:00 pm.

1. Pledge of Allegiance

2. Public Comment –

Mr. Bernstein stated that the conference room was not over capacity and they could go forward with the meeting.

Mr. Palmisciano set a limit of one hour for public comment and for each speaker to have five minutes each for questions.

Mr. Jeremy Bailey of Wallum Lake Road stated that the majority of the customers attending the meeting were here in relation to matters concerning water being provided to the potential power plant. He stated that he is under the impression that well 3A has been shut down per court order. He is questioning whether or not it can be reopened.

Mr. Bernstein started by explaining some of the history concerning well 3A. He was General Council for Pascoag Utility when the

contamination happened back in 2001; described the situation as a nightmare. In the aftermath, there were two main lawsuits – the water customers against Pascoag Utility District, and a third party suit against Harrisville Water Department with a ruling that they needed to provide mutual aid to Pascoag by supplying water to Pascoag Utility District. The case was tried over two days resulting in a court order for wells 3 and 3A to be used for remediation only and in no event can they be connected to the public water supply. This is consistent with the order from the Department of Health, which says PUD cannot use the water for public supply but it is able to remediate it. In the case of Invenergy, the water will be treated onsite, before it reaches the pipelines. Mr. Bernstein explained that Pascoag Utility owes it to its ratepayers to remediate the well and this is the only opportunity PUD to do so with another party paying the complete costs to construct and operate the treatment plant.

One customer questions the level of contamination in the water.

Mr. Kirkwood explains the water will be cleaned on site to a potable level, meeting federal regulations for MTBE contamination.

A customer is questioning if they get it back online how the district will use the well afterwards.

Mr. Kirkwood explained that as the contaminated water sits in the ground the water is finding its way slowly into the river over time. Pascoag Utility District is thinking of its water customers. This plant coming in is giving us the opportunity to remediate the contamination at a much quicker pace. It will help to cut down the number of years customers would be required to wait to be able to use the well again.

The well would be monitored and it would never be proposed to use for drinking water until it is cleaned to Federal and state standards.

Multiple customers stated that they do not want pollutants and contaminants leached into the air and falling into other bodies of water in the area. Will the contaminants stay in the lakes in the area?

Mr. Kirkwood replied that those are valid questions and concerns but they are questions that should and most likely will be answered by the certification process that Invenergy will go through.

Mr. Kirkwood stated that Pascoag Utility had an opportunity to sell water from the contaminated wells to Ocean State Power in the past. Ocean State Power found another source of water, however. If this agreement doesn't work out for Invenergy, they will most likely look elsewhere for another water supply.

Mr. Kirkwood stated that the residents of Burrillville can make their case to the Energy Facilities Siting Board. At the end of it all DEM, the Department of Health, and the Energy Facilities Siting Board will look and determine the conditions set forth for the power plant.

A customer asked questions regarding why PUD isn't remediating the well currently.

Mr. Kirkwood stated that the Department of Environmental Management had a remediation program for some time that ran behind Sweet Tomato Plaza that was working to treat and remediate the water. The funds ran out, the program ended, and they left. It takes an extremely long time and a huge amount of money for this to be done. PUD does not have the funds to make this happen.

A customer questioned if the board had been given the duty to

remain neutral?

Mr. Palmisciano, Chairman of the Board explained that Pascoag Utility District's Board is taking a stand by stating that PUD has an opportunity to clean the wells, and this is the position that has been voted on. The Board's interest is that of the Water Department.

Ms. Roberta Lacey of Spring Street questioned if there was a long term agreement plan in place between PUD and Invenergy and what will happen if at any time the well cannot meet the plant's demands.

Mr. Kirkwood stated that part of the process that Invenergy has to go through for their application to DEM will most likely include coming up with a backup plan of alternative water sources. DEM will determine whether or not the aquifer can meet those needs and that will be something that will need to be proven. Pascoag Utility has a duty to its customers and will never sell Invenergy potable water to make up for any deficiencies from the contaminated well.

Mr. Dan Mulligan of Buck Hill Road questioned if the well and aquifers are able to naturally clean themselves.

Mr. Kirkwood stated that the water is not moving. Over time it will decrease, but PUD has no way of knowing how long that will take to be potable again. Invenergy removing water from that well will significantly reduce the amount of time it takes to remediate the well.

A customer questioned if PUD can legally deny utility services to Invenergy.

Mr. Kirkwood explained that PUD will provide them electric and process water to their facility. Pascoag Utility is not the sewer department, they are separate. PUD cannot refuse electric service;

this subject is in a different category.

Mr. Kirkwood explained that Pascoag water customers will someday be able to use their water again and Invenergy will pay for remediation.

A customer asked if we can use the Exxon settlement money to remediate the well.

Mr. Kirkwood explained that the Exxon settlement money is being used and will be used in the future to develop new wells.

Customers questioned if Invenergy has demanded the use of the well water.

Mr. Kirkwood responded that Invenergy has asked not demanded. They are paying the cost 100%. Pascoag Utility currently has a letter of intent with Invenergy that describes, subject to DEM approval, that Invenergy is required to pay all costs including but not limited to reactivating the well, the construction and operation of the treatment plant and also to provide a fixed payment back to our customers.

A customer questioned if the Letter of Intent can be stopped.

Mr. Bernstein stated that Mr. Kirkwood had signed the letter. The Pascoag Utility Board of Commissioners voted to support this decision at an open meeting.

Joe Lawton of Staghead Drive is questioning the water to be used by Invenergy.

Mr. Kirkwood explained that DEM will be looking into this ahead of time. Invenergy has to do an extensive filing at DEM before any approval is given.

Mr. Palmisciano stated that when well 3A was originally put in, DEM

tested the surrounding wells. This test is performed to show how many gallons are being used per minute and to determine if there is an effect on any neighboring areas. The engineering companies are responsible for this data. Mr. Palmisciano stated that the entire village of Pascoag had been fed from 1946 to 2001 solely from that aquifer.

Mr. Bailey requested that the customers be able to read a copy of the Letter of Intent. He would like to know if the Letter of Intent can be overruled and if the customers can bring it to a vote.

Customer is questioning when Invenergy is using the highest amount of water at a time.

Mr. Silva questioned if PUD is looking to bring a new well online and if PUD has the opportunity to separate from Harrisville, can PUD take the rate difference and have each customer charged to remediate the well on their own. Customer wants to remediate well and use our new well instead of allowing the plant to remediate well. Customer's main concern is that it will collapse the aquifer.

Mr. Kirkwood states the cost would be too great and that this had been looked into in the past. DEM will be able to determine if the aquifer can supply the new well and 3A simultaneously and provide sufficient water to both parties.

Mr. Palmisciano concluded that the customers who attended the meeting would like Pascoag Utility District and Mr. Bernstein to provide them with the answers to the following questions.

1. Is there a way to say no to servicing Invenergy the contaminated water?

2. Can the water customers override the District's decision to sell

them the contaminated water?

3. Has the Letter of Intent compromised the ability to deny them service?

4. Can this be put to a vote?

5. To be provided with a copy of the Letter of Intent.

Mr. Palmisciano concluded Public comment.

3. Committee Comments - none

4. Good and Welfare of the District

A. Docket No. 1725

Ms. LaPorte reviewed the customer shut off information. There were 16 standard customers, no protected status customers and no financial hardship customers terminated in the month of March. Pascoag Utility District sent out 401 disconnection notices for customers whose past due balances were more than \$200.00. Motion to receive and file made by Mr. Jenks, seconded by Mr. Kogut. The vote in favor was unanimous.

B. Exxon Settlement Fund

Mrs. Round reviewed the Exxon Settlement fund. The CD has a balance of \$512,106, reflecting no activity. The money market account has a balance of \$722,365. Motion to receive and file made by Mr. Kogut, seconded by Mr. Lees. The vote in favor was unanimous.

C. Tangent Update-

Mr. Kirkwood states that our load reducing deal with Tangent will provide at least \$20,000 per year in savings to apply to customer rates.

D. Special Board Meeting with HFD Update-

Mr. Kirkwood explains last Tuesday there was a rather historic meeting to discuss the potential to join the two water companies together, either just water or including electric, to make one large utility. Both sides are still willing to engage in discussion and parties are exchanging documents. It's hard to say where it will go from here. It will come to a customer vote for approval at some point in the future.

Mr. Palmisciano says it is important to state that there will be a well-advertised public meeting before we go forth with this. If it does go through it would lower our water rates which is our primary goal. PUD has one of the highest water rates in the state.

E. Fernwood Update-

Mr. Guertin states on Friday the power was energized for the Fernwood development on George Eddy Drive.

F. AMR Business Route Meter Update-

Mr. Guertin gave the status of the AMR (automated meter reading) project. The small business route's meter exchanges are finished. All that is left is industrial and commercial route. Only about 100 left to go.

Mr. Blodgett adds it should be finished by end of year.

G. iVue System Survey Outage Management-

Mr. Guertin explains that PUD has finished the transformer portion of the project. PUD will be working on an outage management system which will have outages pinpointed quickly through our new software using advanced mapping.

H. Water Flushing Program for Spring-

Mr. Kirkwood states that we will be partnering with Harrisville for a joint project for flushing the water system. It will be a three day or so process and will help remove excess sediment from the system.

I. USDA Water Main Cleaning Lining Project-

Mr. Kirkwood states that the vote in December has allowed PUD to go forth and secure USDA funding for this project. PUD has received the approval. PUD is very fortunate to have Senator Whitehouse as a proponent to the loan process. He helped PUD receive funding which includes a 20% grant and an extremely low interest rate. USDA was here last week for a kick off for the project to celebrate Earth Day. The cleaning of the lines is something that has been needed to be done for many years and the project long overdue.

5. Approval of Minutes

- Regular BUC Meeting-March 28, 2016**

Motion to approve the minutes as submitted made by Mr. Jenks, seconded by Mr. Kogut. The vote in favor was unanimous.

6. Unfinished Business

7. New Business – None

- 16-08-08 Action Item Board to vote on Approval of USDA Loan Resolution Revenue Bonds**

Ms. Polacek made a motion to empower general manager to sign an approval of the Loan Resolution revenue bond. Motion seconded by Mr. Lees. The vote in favor was unanimous.

- 16-09 Action Item: Approval of By Law Change**

- Mr. Kogut made a motion to approve changes to the bylaws. Motion**

seconded by Mr. Jenks. The vote in favor was unanimous.

8. Financial Reports

A. Electric Department-February 2016

Ms. Round reviewed the electric department financial report for February 2016. She reported a total operating income of \$1,466,034 or 107% of budget. Purchased power is \$1,032,532 or 105% of budget. Total operations and maintenance is \$111,034 or 121% of budget. Total misc. general is \$7,461 or 47% of budget. Total customer account expense \$38,576 or 84% of budget. Total administrative and general is \$189,936 or 87% of budget. Total depreciation expense is \$37,421 or 98% of budget. Operating income (loss) excludes depreciation expense is \$33,592 or -69% of budget. Total interest income is \$9,900 or 144% of budget. Total other income is \$6,895 or 79% of budget. Income (loss) before deductions \$49,089 or -142% of budget.

B. Water Department- February 2016

Ms. Round reviewed the water department financial report for February 2016. The total operating income is \$117,549 or 81% of budget. Total operations and maintenance is \$49,047 or 60% of budget. Total administrative and general is \$57,941 or 91% of budget. Total other expenses \$867 or 95% of budget. Total other income (expenses) \$5,057 or 57% of budget. Operating income (loss) includes depreciation expense is \$-8,312 or -109% of budget.

Motion to receive and file made by Mr. Jenks, seconded by Mr. Lees. The vote in favor was unanimous.

9. Adjournment

- **Mr. Lees made a motion to adjourn, seconded by Mr. Jenks. The vote in favor was unanimous. The meeting was adjourned at 7:43 pm.**

Richard Jenks, Secretary

Board of Utility Commissioners

Morgan Williams, Recording Secretary