

PASCOAG UTILITY DISTRICT - BOARD OF UTILITY COMMISSIONERS

**MINUTES**

The regular meeting of the Pascoag Utility District Board of Utility Commissioners was held on Monday, June 27, 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:

Also in Attendance: Michael Kirkwood, General Manager; William Bernstein, General Counsel, Mr. Bob Ferrari-District Water Consultant

Chairman Palmisciano opened the meeting at 6:00 pm.

1. **Pledge of Allegiance**
2. **Public Comment –**

Mr. Palmisciano stated before the meeting began that Mr. Bernstein was going to present a statement. Mr. Palmisciano introduced Mr. Bob Ferrari. Ferrari is present tonight to answer any questions pertaining to Pascoag Utility's water system. He is the president of Northeast Water Solutions incorporated and has done a lot of work for Pascoag Utility in the past and present.

Mr. Bernstein explains he has a statement to present. He stated any questions of technical nature please direct towards Mr. Ferrari. Pascoag Utility was approached by Invenergy to utilize water from 3A. The water from well 3A was decertified because it had been contaminated from the former Exxon gas station. There was a Superior Court order directing Pascoag Utility to not use the wells unless it was for remediation. Pascoag Utility did receive help from DEM in the past to test and remediate, but as of late, there has been no sustained activity to help remediate the water. The financial resources have ran out. For Pascoag Utility to remediate on its own it would be cost prohibitive. Again, PUD was approached by Invenergy to purchase treated water from the wells. A letter of intent was drafted between Pascoag Utility and Invenergy. It is Pascoag Utility's mandate to provide water to customers. PUD believes it's their duty to provide clean water and to remediate this well. The discussion has been transparent. The meetings regarding the subject were advertised. The motivation was simply to get wells cleaned up so that at some point in the future it could be used as a water supply. It is understood that there are questions about the Letter of Intent. It is in Mr. Bernstein's opinion that the letter of intent is not a binding agreement. The letter is an agreement to further negotiate, and Pascoag Utility is still a long way from having a binding agreement. There are many contingencies that would make PUD have such an agreement. Some of the contingencies that are included are a full investigation by DOH and DEM to determine several different studies. Such studies would include if the treatment facility will be adequate, or if there are any adverse effects on the

existing aquifer and other studies would be on air quality. All studies are vetted by DOH and DEM. The District has its own consultants, just as the town and the state Siting Board each have their own consultants ~~also~~. Pascoag Utility does not have all of the answers to these questions until the reports have been received. If the plant landed in town tomorrow, the building was intact, and Invenergy wanted water from PUD, PUD would not give it to them. All of the studies have to be done proving satisfaction and safety. Pascoag Utility is not currently close to a final contract. Once Pascoag Utilities' contingencies are met there are still contingencies that need to be approved by the Board of Utility Commissioners. Before PUD even gets to that there has to be a lot of communication with several parties and a negotiation strategy going forward to have adequate assurances that there will be no impact on the aquifers. The MTBE must be reduced to non-detect levels. The letter of intent is a non-binding agreement. Every aspect of the Letter of Intent is still negotiable. The final issue is researching ~~final~~ court orders to see if the order to close the well would need to be modified. This will provide another level of scrutiny, which Pascoag Utility sees as a good thing. PUD may never even get as far as Superior Court.

Mr. Palmisciano opens the floor for public questions or comments. Asks for each individual to please state their name for record purposes and that public comment time will be limited to one hour.

Mr. Barry Craig- 180 Maroney road. Will we see a consultant's report at some point?

Mr. Bernstein – Yes.

Mr. Craig – My second question is will you be letting us know if we go to court?

Mr. Bernstein- Sure, absolutely.

Mr. Craig- One other question. In considering whether to open 3a, you will be taking into consideration not only present but also future requirements of the Town of Burrillville for water supply. What I am concerned about is that we not put ourselves in a situation where the well is drawing water that is needed for public purposes.

Mr. Ferrari - One of the key questions. As you may be aware, Rhode Island DEM did perform test work in 2005 where they pumped the well at 250 gal/min for quite a long period of time, many weeks, and developed a model to see how the aquifer responded and how contaminants were moving. The well was then shut down. DEM executed various studies. There is now a new water supply 1200 feet away up along the bank of the Clear River. We have done another model. This examined how the proposal of water extraction would respond to such circumstances. Invenergy will have to perform actual tests of both wells running at once. It will need to be known what happens to the condition of the plume when running both wells. PUD will not be doing the test for them and the Town will not do it. Invenergy has to have the test done. Then this test needs to be submitted for scrutiny by all the various parties involved. That is the outstanding question.

Lisa Dutra, 1019 Victory Highway, Mapleville- When this test is performed will there be supervision?

Mr. Ferrari- The models and reports will need to be submitted to DEM for review. Other professionals such as [Mr. Ferrari] would be inspecting Invenergy's agencies' work. There are a lot of agencies that overlook this process, yes. Reports will also be all public record. [Mr. Ferrari's] role is to be the representative for the District. There are a lot of others involved, and there will be a lot of oversight. The last thing Pascoag Utility would want to do would be put the water supply or water quality at any sort of risk.

Ms. Dutra - When will this activity start?

Mr. Ferrari – To some degree Invenergy controls the schedule and essentially makes the timeline. There are schedules Invenergy is required to maintain. Invenergy has to submit a request to have such a test done, then an approval by DEM would be given,-then the test may be scheduled. Mr. Ferrari explains that this is just an example of one test. He goes on to say that PUD needs to submit its list of comments as an effected party advisory opinion soon.

Ms. Dutra- How can that be accurate if you do not have all of the information?

Mr. Ferrari- The information has to be collected and an opinion developed. If there is any absence of key information than Pascoag Utility District cannot make a yes or no decision. I feel confident that this will be a very vigorous process and highly unlikely to be done in the next couple of months.

Mr. Robert Perrault, Stewart Court, Harrisville – There are models being created based upon a very educated guess. There is no guarantee to know something will or will not happen. Am I right?

Mr. Ferrari – There are different levels of validation of a model. The accuracy and the validity of a model is based upon the quality of data going in. First off if the model was created accurately, the data going in, and eventually the outcome. Typically a model needs to be validated. Now, how is a model validated? Well that's part of what is done, you run the actual test, such as an extensive pumping test.

Mr. Perrault- Could the test cause a problem? Can it move the plume?

Mr. Ferrari - Typically a pumping test can range anywhere from twenty four hours to five days. Mr. Ferrari explains his firm recently did a test while working with the District and pumped for eight days. There were two different areas with extensive pumping. Do pumping tests have an effect on the aquifer? Yes, but it's localized. The longer the test is done the larger area of impact. Realistically speaking, would a five day test move the plume? Most likely no. One of the tests that has been done was a monitoring program that has been in place to better understand the current status of groundwater. A baseline needs to be recorded for the current underground status. Based upon review of the first draft of pumping, the engineers will have to do that

ground monitoring. It is a key question and currently an unanswered question. There are 50-60 monitoring wells for this one well. There are another ten wells Mr. Ferrari has put in recently. A fraction would be monitored, establishing a baseline for testing so you can see any change. Mr. Ferrari explains he cannot say what Invenergy will be recommending to do, but he has expressed his opinions-and he will make his recommendations. DEM will be scrutinizing the information in depth. There is a range of criteria, the tests will need to meet, and DEM will have no problem denying Invenergy's requests if they dislike the models.

Mr. Perrault- My other question is they are taking out the MBTE but what about other contaminants in the water? What if the pipe leading out to the power plant leaks into the ground and causes contamination? Will Pascoag Utility be liable for that?

Mr. Ferrari- The liability question I will have to defer to Mr. Bernstein. One of the first suggestions made was to treat the water immediately from the well. It is not recommended to treat farther away. It will be up to Invenergy and their engineers to come up with the best design for the pipeline to give maximum assurance for safety. It has been said the water has to be tested to a non-detectable for all contaminants. MTBE is the first to detect, it is very soluble and very mobile. You cannot treat for just MTBE. It will be on Invenergy to come up with a design. Our team has reviewed a conceptual design and have already come back with a list of things we didn't like about it and problems that needs to be fixed.

Cindy Lussier 150 Old Wallum Lake Road – I would like to say thank you to Mr. Kirkwood for information, I sent in a record request and received it back very quickly. My first question is the number of employees at Pascoag Utility.

Mr. Kirkwood- There are nineteen employees including myself. There is one water superintendent, several linemen, other operation staff and also office staff. But in total nineteen. The allocations are shared and have been since way before Mr. Kirkwood has been here. If there is a problem both teams work together to share resources.

Ms. Lussier – From the minutes of the merger meeting Mrs. Gingell asked a question about voting rights. Is it true that only water customers ~~wote~~ get to vote?

Mr. Kirkwood- The existing structure of PUD's governance of how people vote, it is set up that way historically, only Pascoag water or Pascoag electric customers that have a vested interest and a right to vote. The proposal under the merged company, if we ever get to the merger, for fairness it should be every customer.

Ms. Lussier- So going forward, if we were to vote on whether or not to proceed on the Invenergy power plant it would not just be the water customers?

Mr. Kirkwood- The current structure is the structure at the moment. The merger is something that has been put aside at the moment.

Ms. Lussier – Does Invenenergy have a backup plan for water? One of the experts at a previous town meeting mentioned to perhaps to dip into Wallum Lake?

Mr. Kirkwood – I cannot answer for them as I don't have that information. But as any good business would, they have to consider all alternatives and go down the list and figure out what can be done. They would need to answer that for themselves.

Ms. Lussier- What is the estimate of average daily use from the well for Invenenergy?

Mr. Ferrari – The water demands will be variable. The intent is to operate on gas fire. If you asked Invenenergy they would prefer to fire on gas power 365 days a year and never oil fire. This is because the water is used for cooling purposes. In the summer demand goes up. They original reported daily demand over full year on gas firing 100,000 gallons per day which is about 70 gallons a minute. That's just an annualized average. The summer time 220,000 gallons per day. Part of our push back was that if you look at that demand plus other potential demands, it could be stressing the summertime water use. That would be a low time for the aquifer. Invenenergy came back with about ten or so ideas of how they could cut down on summertime water use. In the wintertime their demands will go down. Now, if Invenenergy had to switch to oil fire, which will only occur if there is inadequate gas supply, which only really occurs in the winter time, it will substantially increase their water supply. This would be the case of them needing about 600-700 gallons per minute. This would get them up around 800,000-900,000 gallons of water per day. Now theoretically how this works is a winter time withdrawal is different than summertime withdrawal. Our question is how many days in a row will you need to be oil firing, which becomes one of the debatable factors. It has a huge potential impact.

Ms. Lussier – Will they be held to make sure they are being conservative?

Mr. Ferrari- That was also our pushback. We are concerned with the summertime peak demand. We let them know they need to come back with ways to decrease their summertime demand. To their credit their consultants did come back with scenarios where they would require less. We have done that pushback and DEM has also asked the same question. There are concerns about dry season withdrawals.

Roberta Lacey, 80 Spring Street – What is the target date for testing that well?

Mr. Kirkwood – We do not believe they have a proposed date at this point. Invenenergy's plan for operation was June of 2019. They are already going to have trouble meeting that date. As for the testing of well 3a, we do not have a date to start testing as of now. Invenenergy's consultants have to file a proposed test plan with DEM.

Ms. Lacey- Does the court order need to be lifted before testing can begin?

Mr. Kirkwood- Invenenergy will be able to test but it is subject to DEM saying it is ok.

Mr. Ferrari – Invenergy needs to get an approval in order to test and also a permit to discharge the water because ultimately the water will be treated and go back into the river. But again, there is no date.

Ted Car, Laurel ridge Ave.,- Mr. Kirkwood, does Pascoag Utility District have any relationship with Pare engineering of Lincoln, RI.

Mr. Kirkwood – Not currently, Invenergy is using Pare. Pascoag Utility has used them many years ago, but not since he has been here 5+ years. Pascoag Utility currently uses C&E engineering out of Woonsocket, Rhode Island.

Mr. Car- It's my understanding is that Pare engineering is going to be the company building the carbon filters for the filtration system. They have been in Town for the last 4-5 days. Do you know what they are doing over there?

Mr. Ferrari- Pare is under contract with Invenergy, they are doing preliminary work such as currently identifying a number of wells. Starting off, they are taking samples from the wells to start a baseline that will need to be monitored. They are able to start various models of the aquifers. They need this information because there is no current condition of what the contamination of the groundwater is right now. The last monitoring of conditions was in 2014 and 2015 before that 2012. It has been a number of years since any monitoring has been done, they are up here to do field work. Pare does have a permit to do so.

Mr. Car - How are the samples taken? Has well 3a been opened?

Mr. Ferrari- The samples are taken from the surrounding monitoring wells. Monitoring wells are not well 3a. They are in the surrounding area.

Mr. Car - Does the Town have a relationship with PARE engineering?

Mr. Ferrari- I do not know the answer to that question.

Mr. Kirkwood - We are a separate entity from the town, we do not have that answer.

Mr. Frank Silva 1478 Wallum Lake Road – Do you advise any other option rather than the remediating plan that is currently being considered?

Mr. Ferrari- My recommendation to the District, and by extension to Invenergy, is if you are going to attempt to remove any water out of well 3A it must be treated at the well head right there. You must discharge the treated water with non-detectable contaminants to the pipeline up to the power plant. There has been no remediation plan officially presented, only a conceptual design. The well must be treated/remediated before it goes anywhere.

Mr. Silva- Do you have experience with MBTE?

Mr. Ferrari- Yes I do.

Mr. Silva- Do you find it more suitable to treat at the source of pollution such as treating the plume?

Mr. Ferrari- Now speaking generically, if you have ground water contamination, a monitoring program would need to be done to find the highest concentration factor. Depending on a lot of factors there would be a plan drawn up at this point to decide where the best drawing location would be. The proposal that we have presented to Invenergy is that the water can only be used if it is treated/remediated prior to using it. We are not suggesting it is the best or worst location to remediate from. These are all questions that need to be answered by their team of engineers.

Mr. Silva – Is your advisory opinion restricted to taking the water directly from 3A or is it to draw directly from the area of pollution?

Mr. Ferrari- We will develop our advisory opinion and we will make commentary along with where the contamination is. There is a whole lot of unanswered questions at the moment. We don't have enough information to even have an idea.

Mr. Perrault – Can we count on the board to not say yes until all of the questions are answered?

Mr. Bernstein- Pascoag Utility and advisory parties will need much more information before we can even think about an advisory opinion. It will be all encompassing, we are not just focusing on one area. We will not think about a final contract until we have all the answers to our satisfaction.

Mr. Kirkwood- When it comes to the advisory letter whatever information that is missing at the time that is needed, it will be made conditional that certain items would need to be met in order to move forward with any sort of contract.

Ms. Debbie Craig Foster Street – I have a question about liability and who will be liable for well 3A?

Mr. Bernstein – We are going to insist that the final agreement to assume no liability and put all liability on Invenergy.

Mr. Jeremy Bailey Wallum Lake Road –If Pascoag Utility does get to the point of a final contract with Invenergy is that something that will be put to a vote for customers to approve or disapprove the final contract.

Mr. Bernstein – I don't think there is a provision for that in our charter or our bylaws.

Mr. Bailey – I understand there is no action that can take place during public comment but I would like to perhaps propose to bring the subject to a resolution at a future meeting to vote and to put it into bylaws. We are all stake holders in this District, and we would like that final contract put to a vote.

Ms. Lacey – This is back to what Mr. Frank Silva was talking about earlier with remediation. On a more personal note as a security to all of us, your customers, do not allow them to do any less then remediate directly at the plume site. From what I have read and educated myself on it presents the best results.

Mr. Palmisciano asked if there were any other questions or comments.

Public comment closed at 7pm

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 27 standard customers, zero protected status customers and 3 financial hardship customers terminated in the month of May. Pascoag Utility District sent out 689 disconnection notices for customers whose past due balances were more than \$50.00. Motion to receive and file made by Mr. Kogut, seconded by Mr. Lees. 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 \$719,131.16. Motion to receive and file made by Mr. Lees, seconded by Mr. Jenks. The vote in favor was unanimous.

C. USDA Water Main Cleaning/Lining Project

Mr. Kirkwood was happy to report Pascoag Utility has signed the notice to proceed with cement lining project. This project is where the water pipes will be reamed out and relined. First location to be done is on Pascoag Main Street which will coincide with when they rebuild the street. A good portion of the area and north of the area will be later on in the summer. The District rushed to do this at the same time that the road is already opened up. The work will start the second week in July. The first step the company takes is laying a temporary water main on the street and make connections to each house to outside faucet. Next they will take the underground line and mechanically clean each pipe. These pipes get so crusted, they will bring it down to bare metal. Next each will be sprayed with a cement solution inside of the pipe. This will really help with taking away iron that would be sitting in our system. PUD's customers voted on this back in December. There will still be some rusty water but it will be greatly improved as if there are brand new water mains. The

scope of the project is Pascoag Main to High Street also capturing Church Street and Broad Street down to Laurel Hill, down Grove Street, part way down Centennial, also including all of Sayles Avenue, and all streets in between such as Irving and Howard. The second phase will go out to bid. If everything goes well a good part of village system will be done.

Mr. Bailey – Should we expect customers to have rusty water?

Kirkwood – The District will not know who will still have rusty water, we can't guarantee no rusty water at all at that point. After the flushing programs the District put in place there has been a lot less complaints. The District is just taking the flushing programs as an operating cost.

D. Miller Hydro Contract

Mr. Kirkwood reported that the district is a fairly green utility. Pascoag Utility is not subject to state renewable standard. Currently the portfolio is about 30% hydro and wind. One of the contracts has been due to expire. The District has an advisor who helps with the power portfolio. This company has helped secure a great power portfolio and a great contract that would have expired in May. It was negotiated to be able to stay for five more years at 4.6 cents in the first year, which is a great rate. This will help keep the cost in check. The capacity that is currently received from there is about 3% of the district's power.

5. **Approval of Minutes**

- Special Meeting – April 19, 2016

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

- Regular BUC Meeting- May 23, 2016

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

6. **Unfinished Business**

7. **New Business - None**

8. **Financial Reports**

A. Electric Department - April 2016

Ms. Round reviewed the electric department financial report for April 2016. She reported a total operating income of \$2,717,842 or 100% of budget. Purchased power is \$1,826,955 or 93% of budget. Total operations and maintenance is

\$211,399 or 115% of budget. Total misc. general is \$15,198 or 48% of budget. Total customer account expense \$81,706 or 88% of budget. Total administrative and general is \$365,051 or 90% of budget. Total depreciation expense is \$75,758 or 99% of budget. Operating income (loss) excludes depreciation expense is \$110,141 or -171% of budget. Total interest income is \$34,687 or 252% of budget. Total other income is \$97,163 or 555% of budget. Income (loss) before deductions \$239,587 or -658% of budget.

B. Water Department - April 2016

Ms. Round reviewed the water department financial report for April 2016. The total operating income is \$283,186 or 98% of budget. Total operations and maintenance is \$150,324 or 93% of budget. Total administrative and general is \$110,121 or 87% of budget. Total other expenses \$1,823 or 99% of budget. Total other income (expenses) \$7,260 or 41% of budget. Operating income (loss) includes depreciation expense is \$-18,148 or -119% of budget.

Motion to receive and file made by Mr. Jenks, seconded by Mr. Kogut. 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 7:34pm.

---

Richard Jenks, Secretary  
Board of Utility Commissioners

---

Morgan Williams, Recording Secretary