

**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT ADVISORY BOARD
BMLD Board Room, 40 Prince Street
Monday March 11th, 2013
7:15 PM**

I. CALL TO ORDER

A regular meeting of the Board was called to order at 7:20 PM by Ashley Brown, Chair of the Municipal Light Advisory Board.

Present: Chair Brown, Vice Chair Forrester; Members McCarthy, McVay, McClain, DiOrio; Selectman Jones; BMLD General Manager Palmer; BMLD Staff Dunleavy, Santoro; PLM Staff Seavey.

II. APPROVAL OF MINUTES

The minutes from February 13, 2013 were approved.

III. BMLD FINANCIALS:

Seavey presented the four objectives used to develop the new rates and the impact it will have on BMLD's customers.

1. To permit recovery of all costs associated with the substation project incurred over the next five years without any rate increases.
2. To share additional costs associated with the project among all of BMLD's customers with a uniform increase.
3. To permit the clear and transparent accounting of distribution, transmission and purchased power costs.
4. To be able to earn a retained surplus of \$450,000.00 per year after the Payment In Lieu Of Taxes (PILOT) and debt repayment for normal working capital, needs and growth.

In order to do this Seavey explained they have developed a five year projection. It is a cost of service study over five years. Revenues were generated within the model by multiplying projected kWh sales and kW demands by present and proposed rates. Sales were forecasted to remain flat for 2013 and then to grow by 5% for the remainder of the term of the analysis. The forecast sales are consistent with the Long Term Energy and Peak Demand Forecast update prepared in January 2011-2013.

There have been slow economic growth experiences within the last two years. Seavey stated that the Transmission Charge forecasts the costs being allocated across customer classes. In the case of the Transmission Charge, an average cost over five years was used due to the large fluctuations in transmission costs projected for that period. These resulted from the BMLD continuing to pay Transmission Service Agreement (TSA) charges to NSTAR through June 2016.

The Distribution Charge was set at a level that would produce a 6% increase in the total revenue produced by each retail rate. In order to ensure that every customer would have the same percent increase, Seavey suggested increasing the Customer Charge and Demand Charges by 6% as well.

In summary, the proposed rates meet the four objectives presented by Seavey. The Transmission Charge recovers all the costs of the substation including the debt principal & interest.

IV. ADJOURNMENT

The meeting was adjourned at 8:52 PM and went into executive session.