

**MINUTES
WORKSHOP
DOVER CITY COUNCIL
CITY COUNCIL CHAMBERS
WEDNESDAY
JUNE 16, 1999
7:00 P.M.**

Councilors Present: Boc, Berry, Wilson, Schmidt, Johnson, Reese, Rawding and Landry.
Councilor Absent: Perry

1. AD HOC ELECTRICAL COMMITTEE REPORT

Mayor Boc opened the meeting and introduced Gary Gilmore, member of the Ad Hoc Committee to Study Utility Alternatives investigating the possibility of municipalization of the electric system.

Gilmore gave a brief overview of the RW Beck Report. (See 06/16/99 meeting folder for Final Report) He stated that the committee has been studying this issue since 1995 and their directive was to seek potential partners. He stated that there is currently a proposal to build a gas plant in Dover which would be the largest taxpayer by far in the City. He stated that in order to go forward, this must be brought to a referendum vote, and even if the people vote yes, the Council would still need to pass the bonding by a 2/3 vote. He feels this is a win/win situation for the city and citizens and gave Littleton New Hampshire as an example. He stated the Governor has negotiated a settlement with PSNH, but feels this (municipalization) proposal has far greater savings than the Governor's proposal.

Boc asked where would this gas-fired power plant be built?

Gilmore stated though it still needs to get State approval, the site is the Elliott-Rose Greenhouses on Dover Point Road. He stated this is in his own back yard, and the neighbors he has talked to, seem to have no problem with this.

Boc stated that if a site is selected and the City decides to go forward, the State will then take control and it will be out of the City's hands.

Gilmore stated that is the way it is regardless, but feels that the process of the voting and Council approval of bonding gives the City some control. He reiterated that this would mean a major tax break for the City.

Boc stated that in reading the RW Beck Report, he feels that the next step should be the recommended public education and participation before going any further at all. He also stated that he was unaware that a power plant was even being proposed for Ward 3 and would want to know how the residents feel about it. Gilmore feels that putting the issue to a referendum vote would create the forum for educating the public. He stated that he and the committee are merely asking that the Council allow this to go to the next step of a long process ahead.

Rawding stated he is also a member of the committee and has gone through all of the interviews and reviewed the plans. He stated that there is a potential savings of 25-50% on electric bills. He stated that the Ward 3 site was in the paper a year ago, and the issue itself has been in the news over the past 4 years. He stated the committee was charged with finding an opportunity to save money on electricity and feels that people are outraged at the rates being paid to PSNH as they are the highest in the country. He stated that the City/Council would be taking very little risk, as the contractor is actually the one taking all of the risk. He also feels that there is still a long way to go on the issue, but feels that the citizens should be given the opportunity to vote on whether they want to have their electric rates lowered. He stated that the process can be stopped at any point.

Wilson stated he agrees with both Boc and Rawding. He stated he doesn't want to lose local control and would like to hear the comments of the Ward 3 residents, but he also feels that the citizens should be made aware of the possibilities and/or consequences of going forward. He feels that a referendum vote is a built-in safe guard. He asked that the proposal be laid out at this meeting.

Gilmore stated that this can't be done until the City Manager is given the directive to negotiate the next step, which is why they are presenting the report to the Council.

Wilson stated that he would like to hear what happens if the city says no, but Mr. Williams goes forth as a private industry.

Sylvester Sweirzy of the EnerDev Company, representing Mr. Williams, stated he will answer what questions he can, but if they are of a proprietary nature and subject to negotiation, he will be unable to continue.

Wilson asked is municipalization entirely for the benefit of the citizens. Sylvester stated yes, but that is a separate issue than the building of the power plant itself, although one can't exist without the other.

Landry asked if it would be to the benefit of the gas plant builder to have the City of Dover as a customer?

Sylvester explained that the deregulation plan approved by the Public Utilities Commission requires everyone to have access to energy, so even when there is an alternative in the City, the citizens will still choose individually.

Landry clarified that this means neighbors could each get their power from different suppliers.

Sylvester then explained that the gas plant would be a wholesaler, so if the city of Dover wanted to buy power at wholesale prices, they must be a municipal utility which would be outside of State regulations and fall under federal regulations. He further explained that this is an unprecedented opportunity which was created by the recent installation of the gas pipeline through the area. He stated that this

June 16, 1999

opportunity will not be available forever as there are already 32 plant proposals, and not enough gas to power them all. He then explained that natural gas is a very clean fuel with little environmental impact. He stated the proposed site is also wooded which would provide a natural buffer. He stated that both federal and state environmental criteria have to be met as well as local building codes.

Boc stated he is skeptical because when the waste water treatment plant was proposed the same promises were made, but it still stunk.

Landry then asked what does the city have to bond and what will be the cost? Sylvester stated the city incurs the debt for acquisition of the lines for condemnation. He stated that the low estimate is \$6million and the high is \$35 million. He stated the 35 million figure includes brand new facilities. He stated that the proposal is to conduct an audit of the system to determine each item of the power distribution system which will tell the quality and quantity of the current facilities. He then explained the power distribution system.

Landry asked what happens if we bond and it fails, who is responsible for paying off the bond?

Sylvester stated the City would not be responsible.

Discussion ensued regarding the pros and cons of municipalization.

Landry asked if the power plant can be built without city involvement?

Sylvester replied yes.

Landry asked at what point will the City be committed to going forth, after the referendum vote?

Sylvester stated no, that there is still a lot to be decided after the referendum vote. He stated that the bonding is the final City Council issue.

Berry asked if there are any sketches of the proposed plant available to show the residents of Ward 3.

Sylvester stated that the plant will not be seen and will have to comply with local standards as well as the State regulations.

Berry asked if the Planning Board can stop the project?

Sylvester stated no, if it meets the State requirements, it will be approved. He stated they want to work with the community and won't come where they are not welcome.

Berry asked what is the expected assessed value to make it the highest taxpayer?

Sylvester stated he can't give a direct response publicly but stated that the investment goes beyond the taxbase as the partnership with Elliott-Rose will provide that company with steam and will allow them to increase the size of the greenhouse and create 100 more jobs.

Berry stated he wants to know what we are talking about for assessed value?

Sylvester stated it is approximately 4 times higher than the current highest taxpayer which is Liberty Mutual @ 18 million.

Johnson stated he is intrigued and clarified that there are 2 separate issues being considered; the power plant itself and municipalization. He stated that he feels

working together would benefit both parties and feels that having a referendum vote doesn't exclude the process of educating the public. He clarified the distribution grid stating that once the city municipalizes, we can purchase power from anyone.

Rawding stated he feels this discussion has been beneficial in bringing the issue to the public. He stated that Dover is in a unique position because all 3 items necessary to build a power plant are already in place; gas line, transmission lines and land. He stated this would bring the benefits of competition to the users and offer them an alternative to PSNH.

Wilson stated he feels that the people who have been involved in the process are enthusiastic and fully understand what is being proposed. He stated that the Council is not familiar and as the representative of Ward 3, he wants to be sure that those residents understand what is going on. He asked Sylvester if he is just being polite by coming before the Council.

Sylvester stated not quite, but there are other options. He stated that the City currently pays 32 million to PSNH and even a 30% savings would be considerable and result in more purchasing power for the city. He stated however, that they will not go forward without the backing of the City.

Wilson asked if there is any time limit involved?

Sylvester stated that RSA 38 calls for a vote of the Council and a vote of the people within a certain amount of time in order for the property to be acquired. He stated he wants it clear to the Council that this is a right for the City to exercise because not since 1927 when PSNH had been created, has there been the option to purchase power elsewhere.

Gilmore stated right now there is no time frame, but in the future, if exit fees are imposed as are currently proposed in the legislature, then there may be a time consideration in the next couple of months.

Discussion then ensued regarding the structure of the power plant itself and the issue of noise, location, safety and environmental impact.

Boc asked what the Council is being asked to do at this point and why must we enter into negotiations as the next step instead of going to the Ward 3 neighborhood with plans?

Sylvester stated his company responded to the RFP laid out by the city and if the city wants them to spend money on education, they need to be able to recover the costs.

Gilmore stated that the Committee was initially reluctant to proceed and hadn't taken any action in the last year, but since the installation of the gas line, it makes it more likely that this can happen.

Minutes – Workshop
June 16, 1999

Mr. Beecher stated he will come back with a proposal that will ask EnerDev to educate the public at their expense. He stated the next step would be the referendum, and then finally, City Council bonding.

2. Other Business

3. Adjournment

Reese moved to adjourn, seconded by Schmidt.
Motion passed unanimously.

Valerie A. French
DEPUTY CITY CLERK