

**MERRIMACK VILLAGE DISTRICT
BOARD OF COMMISSIONERS
OCTOBER 14, 2021
MEETING MINUTES
(approved November 15, 2021)**

A Special meeting of the Board of Commissioners was conducted on October 14, 2021, at 6:04 p.m. at 2 Greens Pond Road, Merrimack, NH.

Chairman, Donald Provencher presided:

Members of the Board present: Wolfram von Schoen, Vice Chairman
 John Lyons, Finance Liaison (electronic participation)
 Kenneth Ayers
 Paul McLaughlin

Members of the Board Absent:

Also in Attendance: Ron Miner, Superintendent
 Jill Lavoie, Business Manager

Regular Session

1. Board of Commissioners to meet with Pennichuck Water Works to discuss the possible purchase of water.

Chairman D. Provencher explained that this meeting was to discuss the possibility of purchasing water through Pennichuck Water Works (PWW). This purchase would intend to make the PFAS levels in the MVD's water compliant with the MCLs.

Don Ware, of PWW, explained that MVD and PWW had discussed a mutual aid rate at their last meeting. A mutual aid rate would need to be approved by the Public Utilities Commission (PUC). D. Ware explained that he had reached out to the PUC and spoke with a former staff member (name not provided) who currently works for the Department of Energy. This former staff member indicated that there is a precedent for the establishment of an emergency mutual aid rate. He noted that in 2018 there was another situation in which The Hampstead Area Water Company provided water to an adjacent community water system at cost using a mutual aid rate. Using this information, D. Ware put together a view of the current retail rate and the projected 2022 variable cost of production per 100 cubic feet. He noted that their electricity contract is up at the end of November, and he used an estimate. D. Ware also informed the commissioners that in the case of the Hampstead mutual aid, Hampstead included a small additional percentage to cover the possibility of increased costs during that time. D. Ware stated that PWW could not provide the full amount of make-up water needed by MVD until the emergency connection is complete, but he did base his information on the thought that MVD would be looking to purchase the difference between what MVD Wells 4 & 5 could provide, and MVD's daily demand. He estimated the purchase amount to be roughly 1.9M gallons per day. He estimated MVD to use this rate from December 1, 2021, to March 30, 2022, when Wells 7 & 8 are expected to be back on. He then estimated that there will be the need for additional use in the summer to meet peak usage needs. PWW will propose to the PUC that the mutual aid rate be good until MVD Wells 2, 3, and 9 are up and running and MVD becomes self-sufficient. D. Ware estimates MVD to

be self-sufficient by December of 2022. D. Ware noted that materials are becoming increasingly difficult to obtain.

To meet the anticipated need for additional water use in the summer of 2022, a temporary pump station located on D.W Highway was discussed. PWW currently has a pump that could be used for the emergency pump, as well as all the piping for the emergency pumping station. Additional necessary piping could be provided by MVD. (The piping from MVD is intended for use in hooking up Wells 2 & 9) This piping would be reallocated for its intended use once Wells 7 & 8 are online. The emergency pump station would be a temporary structure on a poured slab. It was noted that there is some potential funding from the Drinking Water Groundwater Trust Fund for the emergency pumping station. The MVD would need to pursue that if interested.

K. Pratt, of Underwood Engineers, explained that he took D. Ware's information and MVD's typical winter through spring production numbers in order to project out short term and long-term cash flow should MVD move forward. Pratt stated that it is MVD's understanding that until the emergency rate is approved, MVD will be paying full retail. Pratt informed the commissioners that based on MVD's average winter usage, the cost would be \$175,000- \$180,000 per month at the retail rate. If the rate that PWW has calculated is approved, MVD would receive a credit of roughly \$150,000 from the retail cost. If approved, MVD's purchase charges would likely be roughly \$25,000 per month. Simultaneously, MVD will have a slight reduction in their own operating costs due to not treating Wells 7 & 8 or using Wells 2 & 3. The cost reduction is seen primarily in chemicals and electricity. The estimated cost reduction is roughly \$12,000 in the winter months, and possibly twice that amount in the higher demand months. Pratt stated that if these assumptions are close and the emergency rate is approved, the net monthly cost to MVD is in the range of \$15,000 - \$16,000 in the winter months, and roughly \$30,000 in the higher demand months. Pratt noted that he estimates a roughly \$3,500 monthly electricity cost in the winter for the emergency pump station and double that in the higher demand months. For the December to March period, after all costs are netted out, the total is estimated to be roughly \$61,000, plus electricity, likely totaling under \$100,000. According to Pratt, an estimate through July would likely be three times that amount. Commissioner K. Ayers asked K. Pratt what the cost of construction would be for the emergency pump station. Pratt answered that Underwood has not yet calculated that.

Regarding the temporary pump station at D.W. Highway, it was noted that the pipe would be 18 inches in the ground and would need water flowing through it. Vice Chairman W. von Schoen asked PWW if water would continue to flow if power were lost. D. Ware answered that MVD's hydraulic grade line is higher than PWW's and therefore a generator would be needed if power were lost. D. Ware informed the commissioners that with the pipe 18 inches underground, in bitter cold temperatures, with no snow cover, it would still be more than 36 hours before it would freeze solid, allowing MVD time to react. D. Ware informed the commissioners that PWW had estimated a build cost of between \$150,000 and \$175,000, using some materials already available to them. Chairman D. Provencher asked what cost PWW would be assuming. D. Ware explained that MVD is paying for the costs. If MVD constructs the interconnect without the use of potentially available funds, PWW will commit to up to 5% of the cost, as they are roughly 5% of MVD's customer base. Ware explained that because PWW would be selling the water to MVD at cost, there is no money being made on this sale.

Superintendent R. Miner asked D. Ware if an easement would need to be granted for the emergency pump station. Ware explained that there are two ways to handle this, one being that there is plenty of area off the shoulder of the road within the public right away on the west side of Route 3 where MVD and PWW pipelines are in close proximity. A temporary legal location permit from District 5 of the NHDOT would be needed in that instance. Another option would be on the property owned by Elbit

Systems, which would need an easement. Superintendent R. Miner asked D. Ware when he thought the temporary connection could be up and running. No direct answer was given. Vice Chairman W. von Schoen stated that it was a lot of money to spend for a short amount of time. At this time, D. Ware stated that the connection should be online no later than late November. There was discussion surrounding the possibility of only using the existing connection in the vicinity of Home Depot. D. Ware stated that this connection could not supply enough water. During this discussion it was realized that PWW had possibly received incorrect numbers for MVD's daily water usage during the winter months and K. Pratt stated that he would dig deeper and provide more accurate usage information. Exploring this option will not defer the cost of water but could potentially reduce the capital cost. Chairman D. Provencher calculated an average need of 1.7 M gpd for the months of December through April. Assuming that Wells 4 & 5 can handle the 0.7M gpd, the other 1M gpd could be received via the current PWW connection. L. Goodhue was in agreement with this but noted the risk of Wells 7 & 8 being delayed. Should Wells 7 & 8 be delayed, an outdoor watering ban would need to be implemented. Chairman D. Provencher suggested moving forward with the current connection coupled with Wells 4 & 5 and allowing the rate payers a say in how to proceed beyond that at the annual meeting. L. Goodhue asked if the commissioners were authorized to purchase water from PWW at the emergency rate prior to the annual meeting. Chairman D. Provencher stated that he believes the commissioners can do a contingent approval on the lower emergency rate. He also noted that should MVD have to pay retail price, there are only funds available to cover one month. Vice Chair W. von Schoen clarified that the commissioners are authorized to extend the budget to purchase water. Chairman D. Provencher asked if PWW had the authority to provide an extended term beyond the typical 30-day term. Counsel K. Roman explained that MVD has \$120,000 that can be spent freely (\$100,000 from the CRF and \$20,000 from the contingency). She also noted that the commissioners do have the authority within the budget to transfer money from other line items if more is needed, but without the guarantee that the money will be replenished this is not advised. L. Goodhue noted that this was all valuable information in the filing of emergency rate approval. Commissioner K. Ayers asked if there was a way to get the mutual aid rate approved prior to proceeding. D. Ware explained that it was not possible, but there are ways to alleviate the burden such as payment arrangements. At the retail rate, the bill for 1M gpd for 30 days would be \$149,599. D. Ware informed the commissioners that PWW could get all of the information to the PUC within a day or two, outlining the extenuating circumstances that MVD is facing. L. Goodhue explained that the more information they can provide regarding extenuating circumstances, the greater the chance of expediting the approval. Counsel K. Roman offered to send the commissioners and K. Pratt the legal points regarding legal constraints about expenditures. K. Pratt can then add cost information to be submitted as an explanation of need. This will then be sent to Don Ware. L. Goodhue informed K. Roman that he could put her in touch with their attorney, who is a former PUC attorney, for guidance in drafting the letter.

Vice Chair W. von Schoen stated that he wants it to be clear that MVD still has control over the water supply and can turn on MVD wells as needed, such as in the event of a fire or outage with PWW. It was voiced that the language should note that under circumstances that wells need to be turned on, it will be with the intention of using the least contaminated wells as possible. Vice Chairman W. von Schoen also stated that he would like clarification from MVD staff or MVD Counsel regarding the regulation of MCLs over four consecutive quarters. He also asked about the possibility of turning on the wells for a short period of time once there is a clear deadline for Wells 7 & 8 to come online. He questioned if this would put MVD out of compliance or not, if 2-3 quarters were in compliance since this is based on an average. D. Ware suggested MVD speak with NH DES.

D. Ware reiterated that MVD is doing everything in their power with a corrective action plan. Vice Chair W. von Schoen asked Superintendent R. Miner if there is a need for a minimum production rate

on the MVD Wells in order to keep them sanitary. Superintendent R. Miner noted that they can be run to waste for a short time if needed.

Chairman D. Provencher asked if the rate PWW was estimating (\$0.62 per 100 cubic feet) had a contingency built in. D. Ware answered that it does not. He explained that in the previously noted case, a 10% contingency rate was added after the PUC audited PWW's costs. In this case a 10% contingency would fall to \$0.06. PWW would propose a rate between \$0.62 - \$0.69 to the PUC. K. Pratt asked D. Ware for actual numbers, noting a discrepancy on the spreadsheet D. Ware had provided. Pratt noted that the spreadsheet originally provided stated a rate of \$0.56 per 100 cubic feet with a 15% contingency rate. D. Ware explained that electricity costs are going up in November. The rate K. Pratt used to present the numbers to MVD commissioners was \$0.64 per 100 cubic feet. D. Ware will send an update spreadsheet to K. Pratt. D. Ware stated that PWW will propose a rate of \$0.62 per cubic feet with a 10% contingency rate to the PUC (\$0.6863 per 100 cubic feet). Vice Chairman W. von Schoen noted that MVD's production costs are much lower than PWW's. D. Ware stated that when MVD has fully treated water MVD's production costs will be substantially higher. W. von Schoen noted that although MVD will have higher production costs it will be noticeably lower than purchasing water from PWW at their current rate and MVD water will be PFOA free.

MOTION BY COMMISSIONER W. VON SCHOEN TO ASCEND AND AUTHORIZE PENNICHUCK WATER WORKS TO PROCEED WITH AN APPLICATION TO THE PUC FOR A TEMPORARY REDUCED EMERGENCY WATER RATE FROM PENNICHUCK TO THE MERRIMACK VILLAGE DISTRICT FOR THE TEMPORARY PURCHASE OF WATER FROM PENNICHUCK IN AN EFFORT TO PROVIDE WATER THAT IS COMPLIANT WITH THE STATE PFAS MCLS UNTIL SUFFICIENT MVD ASSETS ARE BACK IN A POSITION TO SUPPLY COMPLIANT WATER

MOTION SECONDED BY COMMISSIONER P. MCLAUGHLIN

A Viva Voce was conducted, which resulted as follows:

Yea: Donald Provencher, W. von Schoen, Kenneth Ayers, John Lyons, Paul McLaughlin

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Nay:

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MOTION CARRIED

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L. Goodhue asked the commissioners if PWW would be turning the water on to MVD as soon as possible under this resolution, with the net credit being returned to MVD. Counsel K. Roman reminded the commissioners that there is enough money to carry on with out the approved emergency rate for one month. Vice chair W. von Schoen stated that he feels it would be wise to start at this time due to it being the beginning of a new quarter. Chairman D. Provencher asked if it would be wise to wait until the public notice was released. D. Ware answered that it would be beneficial to provide the solution within the public notice, showing that MVD has been proactive in the situation. Superintendent R. Miner suggested opening the connection the day the petition is filed with the PUC. L. Goodhue was in agreement. It was stated that the notice of violation was issued on September 23, 2021, and MVD has thirty days to alert customers.

Superintendent R. Miner asked about the bill and D. Ware answered that he would review the billing cycle but based on the start date the first bill would be less than 30 days. Counsel K. Roman reminded the commissioners that if they were planning on paying the bill out of capital reserves, they would need to make a motion prior to doing so. It was noted that MVD has a budget line item for purchasing water as well. Counsel K. Roman informed the commissioners that they can not back fill the line item from the CRF.

At this time, Vice Chair W. von Schoen addressed K. Pratt, suggesting that both the General Contractor and Evoqua watch the meeting footage to gain a better understanding of the predicament they have placed upon MVD and see if there is anything that can be done with the timeline. He noted that monetary damage is occurring and evident and time is of the essence.

ADJOURNMENT

**MOTION BY COMMISSIONER J. LYONS TO ADJOURN
MOTION SECONDED BY COMMISSIONER P. MCLAUGHLIN**

A Viva Voce was conducted, which resulted as follows:

Yea: Donald Provencher, W. von Schoen, Kenneth Ayers, John Lyons, Paul McLaughlin

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Nay:

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MOTION CARRIED

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The October 14, 2021 emergency meeting of the Board of Commissioners was adjourned at 8:00 p.m.

Submitted by Amanda McKenna, Recording Secretary