

**CITIZENS' ADVISORY BOARD (CAB)  
MEETING MINUTES  
Regular Session**

TIME: 6:30 P.M.  
DATE: Wednesday, March 28, 2012  
PLACE: Reading Municipal Light Department (RMLD) 230 Ash Street, Reading, MA,  
Winfred Spurr/AV Room  
PRESENT: CAB: A. Carakatsane, Chairman (Lynnfield), J., G. Hooper (Wilmington), T. Capobianco  
(Reading), T. Ollila (Wilmington)  
RMLD Board of Commissioners: R. Soli, M. West  
RMLD Staff: R. Fournier, K. Sullivan, P. O'Leary, W. Seldon, J. Carpenter  
GUEST(S): John Rogers, North Reading  
ABSENT: J. Norton, CAB Member-North Reading

**1. Call Meeting to Order**

Chairman Carakatsane called the meeting to order at 6:34 P.M.

**2. Minutes of Meeting – February 16, 2012**

Mr. Hooper made a motion seconded by Mr. Capobianco that the Minutes of February 16, 2012, be approved as written.

**Motion carried 4:0:0.**

**3. Renewable Energy Certificates (RECs)**

Chairman Carakatsane noted that the CAB had previously voted to reconsider a vote on the RECs, and the vote will be taken this evening. Chairman Carakatsane polled the members to see if they had a chance to speak to their respective Boards of Selectmen. Mr. Capobianco reported that he had met with the Reading Board of Selectmen, who felt that the RECs should be sold, and not let to expire. There was discussion on adopting Commissioner Pacino's idea of retiring a percentage of the RECs that mirror the percentage of the enrollees in the Green Choice Program, and then to use those funds to lower the fuel charge. Further discussion was on a policy instructing the Board of Commissioners to determine how much renewable energy should be purchased on an annual basis. Mr. Capobianco's hope was to use some of the funds gained from some of these RECs to procure future renewable energy and thus mitigating the higher cost. Finally the Board of Selectmen felt that retirement of the RECs should be voted on an annual basis, not a permanent idea. The Board of Selectmen issued an official letter regarding the RECs.

Mr. Ollila spoke with the Wilmington Town Manager, Mike Caira, to make sure there were no issues or concerns that he had before the vote tonight. Mr. Caira echoed the similar sentiments of the Reading Board of Selectmen, and said that as a financial asset at the RMLD, the RECs or some share of them should be sold, and the money be used to offset the fuel charge. Mr. Ollila noted he was in favor of going in this direction.

Mr. Hooper noted that he brought the motion forward, and has spoken to Mr. Caira and other ratepayers in town, and although the wish is to continue increasing RMLD's portfolio with renewable energy, the financial asset is a consideration as is the impact on the ratepayers.

Chairman Carakatsane passed out a drafted motion and asked for the members to review it and suggest any changes. He noted there is an exception in the motion regarding the Green Choice monies.

Mr. Capobianco stated that he thought the Green Choice Program is separate from the RECs in that no power is being purchased for the Green Choice Program. Mr. Carakatsane said that it could be taken out of the motion, however, he added that there doesn't appear to be any legal reason it can't be done.

Mr. Hooper made the following motion (He read the distributed Draft Motion.) seconded by Mr. Capobianco:

MOVE that the Citizen's Advisory Board recommend to the Reading Municipal Light Department Board of Commissioners that for Fiscal Years 2012 and 2013 that all of the Renewable Energy Certificates resulting from all the renewable energy contracts of the RMLD be sold on the REC market, except that all monies raised from the Green Choice program be used to purchase a portion of the REC's held by the RMLD and subsequently retired, that all monies raised by the sale of the REC's be returned to the rate payers through a fuel charge credit, that a fund be established in an amount equal to all monies raised by the sale of the REC's to promote renewable energy projects, energy conservation and energy efficiency efforts within our service territory, and that the status and disposition of the RMLD's REC's be reviewed and adopted for the ensuing fiscal year as part of the CAB's and RMLD's annual budget review process.

#### Discussion

Mr. Capobianco suggested stopping the motion after the words, "fuel charge credit". He added that what isn't included is establishing a policy of renewable energy purchases in annual increments (essentially RMLD's own Renewable Portfolio Standard). He isn't sure if that should be a separate motion to the Board, or included in this motion.

Chairman Carakatsane stated it would be a separate motion. He explained that this motion would mean that all the RECs would be sold for those two fiscal years, except for an amount equal to the Green Choice Program. All monies realized from the sale would be a credit on the fuel charge. The corollary would be the recommendation to RMLD that they establish a fund of equal amounts with the details left up to the Department and the Commissioners. He feels very strongly that the CAB be a part of the review process. He noted that he is in favor of setting some targets for the renewable energy portfolio as mentioned by Mr. Capobianco.

Mr. Capobianco stated that with the establishment of a policy a percentage could be used.

Discussion ensued.

Chairman Carakatsane welcomed Marsie West, the newly elected RMLD Board Commissioner.

Ms. West thought the motion looked good, and the only thing she had a concern with was that it was not clear to her that the monies could be put into a fund. She thought it had to go back through the fuel charge. She also did not think that there was a way right now to use the Green Choice Program as outlined in the motion. She is in favor of both ideas, but is not sure if they can be implemented.

Mr. Seldon tried to clarify buying back the RECs and commented that he is no expert on the legality of all of it. He said that in past meetings the General Manager has stated that whatever money is collected through the sale of the RECs would go to offset the fuel charge, and if the Board decides to create another fund, it would have to be worked out perhaps in a policy.

Discussion ensued.

Mr. Carakatsane called for a vote on the motion:

**Motion carried 4:0:0.**

#### **4. Power Supply Report – W. Seldon**

Mr. Seldon reported the following highlights:

- Total metered load for the month of February, 2012 was 53,988,914 kWh, which is a decrease of 2.44% compared to February 2011.
- Energy cost for the February power was \$2.88 million, which is equivalent to about 5.3 cents per kWh. Fuel charge adjustment was set at 5 cents per kWh; total sales were 53 million kWh and this

equates to an undercollection of approximately \$348,000, resulting in a Deferred Fuel Cash Reserve balance of \$2.1 million.

- Purchased 10.2% of its energy requirement from the ISO New England spot market, at an average cost of 3.2 cents per kWh.
- Reached a peak demand of 100.4 MW on February 29, 2012 at 7:00 P.M., which compares to a demand 108.3 MW, which occurred on February 1, 2011 at 7:00 P.M.
- Monthly capacity requirement was 201.3 MW of capacity equivalent to \$1.34 million or \$6.64 a kW month.
- Average cost for capacity and energy was 7.8 cents a kWh, which was about ½ mill lower than it was in January.
- Transmission costs totaled \$581,000, which is about a 10% decrease from January figures.

Mr. Carakatsane asked Mr. Seldon about the status of contracts and annual RFP. Mr. Seldon responded that the annual RFP for indicative pricing has gone out, and is expected to be back next week.

Mr. Carakatsane asked how the RMLD is doing with the budget regarding energy and fuel as compared to a year ago. Mr. Fournier will respond during his report.

Mr. Carakatsane asked about the comparison of Time-of-Use (TOU) rates including ratepayer participation.

Mr. Seldon responded that there are 61 customers who are on the Industrial/Commercial TOU rate, which is about 2.2% of the total commercial customers. Commercial customers are followed individually and the account managers and Mr. Carpenter identify those who are able to take advantage of the rate. There are 246 residential customers on the TOU rate and that number has been steady for a quite some time. The Energy Services Division did a study last year of the residentials to determine which customers may be able to take advantage of that rate, and those customers were sent an e-mail. Only two customers signed up for the TOU rate from that e-mail notice. He noted that the 246 customers represent 1% out of 24,000 customers.

Mr. Carakatsane asked what the result was of reducing the streetlight rate. He noted that this is in reference to the most recent Cost-of-Service Study, which showed an overcollection in the streetlight rates.

Mr. Seldon responded that in a comparison done of the new rate from August 2011 to March 2012 to the net billings from August 2010 to March 2011, it showed the following reductions: Reading-\$57,000; Lynnfield-\$16,000; North Reading-\$18,580; and Wilmington-\$46,676. The numbers ranged from a high of 43% reduction to a low of 30% reduction. Mr. Seldon noted it's based on quantity and type of streetlights.

#### **5. Presentation – Energy Conservation Update – March 2012 – J. Carpenter**

Mr. Carpenter gave a power point presentation highlighting the progress of energy conservation in the following areas:

Residential Audits – New audit programs are more effective, and a chart included in the presentation showed the percentage of energy reduction per month. He noted that customers are doing more with their audit report, which is difficult to track.

Residential TOU Growth – The rate was published in RMLD's In-Brief newsletter for two months, and an e-mail was sent out to those who were identified to take advantage of the rate (as mentioned above). Growth in the use of the rate was as follows: 30 new customers in 2009; 33 in 2010; and 96 in 2011.

Results from Energy Efficiency Programs – From 2005 through 2011, 5,172 kWhs. were saved and 18,409,062 kWh were removed; \$1.54 Million was rebated to commercial and residential customers; and the savings from energy conservation measures during this time period have a potential Net Present Value of \$13.5 million through 2027.

Awards and Grants – Two grants were awarded at the same time: One from the Metropolitan Area Planning Council (MAPC) for a town (all four towns) sustainability plan; and one from the Department of Energy Resources (DOER) for \$50,000 for a residential demand response program. RMLD will replace residents' electric water heaters that are not currently efficient. The residents will see a savings of about \$200/year.

Project Review - Samples of commercial actual on-peak reductions: Commercial Building in North Reading – 3% reduction of kWh during summer months and during the year. Commercial Building in Reading – 20% reduction of kWh during summer months, and a 12% reduction over the year; and North Reading Public School – 11% reduction of kWh during the year.

Solar Array - Columbia Construction in North Reading – 75kW, 98,000kWh, 380 modules. The project was designed in conjunction with the Energy Services Division. Pictures were included in the presentation.

Discussion ensued.

#### **6. Engineering and Operations Report – February 2012 – K. Sullivan**

Gaw Station Project – Everything is complete. The Project is at approximately \$6.92 with an estimated \$250,000 to close it out. The remediation cost totaled \$2.4 million.

Meter Upgrade Project - Since January 2011, 17,000 meters have been installed - Reading is complete, parts of North Reading are complete, a large part of Wilmington is complete, and Lynnfield has not been done. It's estimated that the residential portion of the project will be complete in October 2012. Capital costs for this fiscal year are running at \$347,000.

Budget Variance Report – Mr. Sullivan briefed the CAB on the capital projects noting that Projects 1 and 2 are complete; Project 7 will be postponed; and Project 8's installation will be pushed into FY2013.

Reliability Report – Customer Average Interruption Duration Index's (CAIDI's) rolling average for February was 61.1 minutes; System Average Interruption Frequency's (SAIFI's) rolling average was .45. Most of the numbers are very static, and SAIFI continues going down considerably. Months Between Interruptions (MBTI) is 26.6 months. All numbers reflect business is doing well.

#### **7. Financial Report – February 2012 – R. Fournier**

Mr. Fournier highlighted the following:

- Net loss in net assets was \$171,000 decreasing the year to date net income to \$2.2 million
  - Year-to-date Budgeted Net Income was \$5.1 million resulting in net income being under budget by \$2.9 million.
  - Year-to-date fuel expense exceeded the fuel revenues by \$951,000
  - Year-to-date base revenues were under budget by \$2.3 million or 7.2%. Actual base revenues were \$30.7 million compared to the budgeted amount of \$33.1 million.
  - Year-to-date purchased power base expense is under budget by \$1.2 million or 6.8%. Actual purchased power base costs were \$16.8 million compared to the budgeted amount of \$18 million.
  - Year-to-date Operating and maintenance (O&M) expenses were under budget by \$108,743 or 1.4%. Actual O&M expenses were \$7.7 million compared to the budgeted amount of \$7.8 million.
  - Depreciation expense and voluntary payments to the Towns were on budget.
  - Cash: Operating Fund was \$9.3 million; Capital Fund - \$4 million; Rate Stabilization Fund - \$6 million; Deferred Fuel Fund - \$2.1 million; and Energy Conservation Fund - \$178,000
  - Year-to-Date kwh sales – 471,283,857, which is 19.4 million kwh or about 4% behind last year's actual figure.
  - Gaw revenues collected year-to-date were \$471,000 bringing the total collected since inception to \$1,078,469.
  - The five divisions cumulatively were under budget by about \$150,000 or 1.2%
- Discussion ensued.

**8. Other Items for Discussion**

Mr. Carakatsane encouraged members to consider what items should be included in an energy policy. Mr. Seldon noted that there is a proposed draft policy that was before the Board's Power and Rate Committee.

**9. Schedule Next Meeting.**

Tentatively - Thursday, April 19, 2012 (out of Reading) and Monday, April 30, 2012

**10. Approval of January 5, 2012 Executive Minutes**

A motion was made by Mr. Hooper and seconded by Mr. Ollila to approve the Executive Session Minutes of January 5, 2012 as presented.

**Motion carried 4:0:0.**

**11. Executive Session**

No executive session was required.

**12. Adjournment**

Mr. Hooper made a motion seconded by Mr. Capobianco to adjourn the meeting at 8:37 P.M.

**Motion carried: 4:0:0.**

Respectfully submitted,



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John Norton, Secretary

Minutes approved on: 10/17/12

/pmo